

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

Middletown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

MIDDLETOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**PREPARED BY DISTRICT FINANCE OFFICER
BOARD SECRETARY, AMY GALLAGHER**

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INTRODUCTORY SECTION

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MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS

Office of the School Business Administrator/Board Secretary

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(732) 671-3850

Fax (732) 291-1035

www.middletownk12.org

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

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

November 30, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials, the list of independent auditors, and advisors. The financial section includes 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, 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, 2015 was 9,668.

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 \$68,920,000 as compared to our school-borrowing margin of \$411,210,910.

The District's enrollment has been declining over all over the last few years, but increased slightly this past year. A demographic study was completed in May 2014 that projects a continuing downward trend in enrollment over the next five years. However, the district has not seen a decrease to the extent that was projected during the first two years included in the study. 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 17 schools in the district vary in age, with original construction dates ranging from 1928 through 1974. The District passed a bond referendum in March 2014 for roofing and improvements to the geothermal heating and cooling system.

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 began updating this plan during the 2014-2015 year. The District submitted 39 applications for state Regular Operating District (ROD) grants in September 2013 and all of the applications were approved. The total of amount of the ROD grants awarded to the District was \$12.9 million, which represents 40% of the eligible costs of the projects. In order to raise the local share of these projects, the District held a referendum in March 2014 and the voters approved the issuance of \$19.4 million in bonds. District administrators and the Board are also evaluating the long-term financial impact of state mandated initiatives and the allocation of state aid.

4. Internal 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 and Process

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 Board of Education. 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 assignment of fund balance at June 30, 2016.

Beginning with the 2012-2013 budget, the state of New Jersey allowed school districts to elect to eliminate the budget vote and adopt a budget approved by the Board of Education and the New Jersey Department of Education (NJDOE) providing that the tax levy increase does not exceed 2% plus any allowable waivers. The Middletown Township Board of Education elected to eliminate the budget vote at that time. In addition to the 2% limit on tax levy increases, there are restrictions on budget transfers during the year that can be made without NJDOE approval.

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, 2016, the District's outstanding debt issues included bonds of \$68,920,000. 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 Holman Frenia Allison, P.C. was selected by the Board. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

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. Acknowledgments

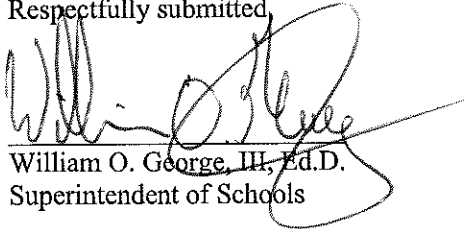
We would like to express our appreciation to the members of the Middletown Township Board of Education for their concern in ensuring fiscal responsibility to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial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

10. Awards

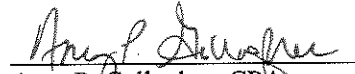
The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Excellence, the district published an easily readable and efficiently organized CAFR.

This report satisfied both Generally Accepted Accounting Principles in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Excellence Program's requirements and we will be submitting it to ASBO to determine its eligibility for another certificate.

Respectfully submitted,



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



Amy P. Gallagher, CPA
Business Administrator/Board Secretary

Middletown School District Organization Chart 2015-2016

2015-2016

Board of Education

Superintendent of Schools

Assistant Superintendent of Curriculum & Instruction

Assistant Superintendent of Operations

District Director of Student Services
[ADA/504 Compliance Officer]

Supervisors of Special Education (2):
Elementary PreK-5
Secondary 6-12

Child Study Teams

Related Services

Paraprofessionals

District Directors of Curriculum (3):
Humanities, K-12
Math/Science, K-12
Evaluation & Assessment Practices

Curriculum Supervisors:
Supervisor of Instructional Technology, K-12
Literacy Supervisor, K-8
Elementary Supervisors, K-5 (2)

Principals

Athletic Director

Student Information System Department

Security / Pupil Attendance Department

Assistant Principals

Certificated Staff

Business Administrator / Board Secretary
[Custodian of School Records;
Public Agency Compliance Officer; Qualified Purchasing Agent]

Asst. Business Administrator / Board Secretary

Accountant

Business Office Staff

Network Admin. & Mgr. Information Systems

Technology Department

Transportation Department

Facilities Department

Administrative Liaison	Business Administrator
Personnel Director	District Director of Student Services
Asst. Superintendent of Operations	Asst. Superintendent of Operations
Superintendent / Business Administrator	Superintendent / Business Administrator
Assistant Superintendent for Curriculum	Assistant Superintendent for Curriculum
Facilities / Finance / Policy	Personnel
Student Services	Operations / Co-Curricular
Negotiations	Curriculum / Technology

MIDDLETOWN BOARD OF EDUCATION

MIDDLETOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2016

Members of the Board of Education

TERM EXPIRES

James Cody, President	2018
Bob Banta, Vice President	2016
Vincent Brand	2016
Danielle Walsh	2018
Michael Donlon	2016
Ernerst Donnelly	2017
Susan Griffin	2017
Helene Henkel	2016
Joan Minnuies	2018

Other Officials

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

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

Christopher B. Parton, Esq., Solicitor

MIDDLETOWN BOARD OF EDUCATION

MIDDLETOWN, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2016

AUDITOR/AUDIT FIRM

Michael Holt, CPA, PSA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

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

OFFICIAL DEPOSITORY

TD Bank
207 Harmony Road
Middletown, New Jersey 07748



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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

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INDEPENDENT AUDITOR'S REPORT

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

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 Middletown Township Board of Education, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that 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, County of Monmouth, State of New Jersey, as of June 30, 2016, 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, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed 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 introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were 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 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 accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 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 Middletown Township Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Freehold, New Jersey
November 30, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016 Unaudited

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, 2016. 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 also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2015-2016) and the prior fiscal year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- In total, net position of governmental activities increased \$288,160, which represents a 2.45% increase from 2015. Total net position of business-type activities increased \$45,606, which represents an 8.60% increase from 2015.
- General revenues accounted for \$156,827,139 in revenue or 75.94% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$47,292,174 or 22.90% of total revenues of \$206,501,974.
- Total assets of governmental activities decreased by \$11,222,230 as cash and cash equivalents decreased by \$10,280,666, receivables increased by \$3,956,767, restricted cash and cash equivalents and cash on hand with fiscal agent decreased by \$120,860, and total capital assets decreased by \$5,307,977.
- Total liabilities of governmental activities decreased by \$8,721,167 as accounts payable decreased by \$2,244,573 and non-current liabilities due beyond one year increased by \$77,543.
- The District had \$203,654,269 in governmental activity expenses; only \$46,609,372 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$156,827,139 were not adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$288,160.
- In the governmental funds, the general fund had \$169,356,921 in revenues and \$169,629,835 in expenditures. The general fund's fund balance increased by \$543,090 over 2015.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the Middletown Township Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 Changes in Net Position (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.

Government-Wide Financial Analysis

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

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, 2016 and 2015, respectively:

Net Position				
As of June 30, 2016				
	Governmental Activities		Business-Type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets				
Current and Other Assets	\$ 16,171,977	\$ 22,616,736	\$ 365,930	\$ 479,473
Capital Assets, Net	95,566,674	100,344,145	496,320	530,506
Total Assets	<u>111,738,651</u>	<u>122,960,881</u>	<u>862,250</u>	<u>1,009,979</u>
Deferred Outflows of Resources				
Deferred Outflows Relating to Pension	8,498,028	5,883,049	-	-
Deferred Charges on Refunding of Debt	1,811,179	1,911,515	-	-
Total Assets and Deferred Outflows of Resources	<u>122,047,858</u>	<u>130,755,445</u>	<u>862,250</u>	<u>1,009,979</u>
Liabilities				
Long-term Liabilities	127,573,837	126,981,922	-	-
Other Liabilities	3,775,717	13,088,799	286,138	479,473
Total Liabilities	<u>131,349,554</u>	<u>140,070,721</u>	<u>286,138</u>	<u>479,473</u>
Deferred Inflows of Resources				
Deferred Inflows Relating to Pension	2,190,855	2,465,435	-	-
Total Liabilities and Deferred Inflows of Resources	<u>133,540,409</u>	<u>142,536,156</u>	<u>286,138</u>	<u>479,473</u>
Net Position				
Net Investment in capital assets	21,166,495	20,437,301	496,320	530,506
Restricted	10,716,131	9,983,246	-	-
Unrestricted	(43,375,177)	(42,201,258)	79,792	-
Total Net Position	<u>\$ (11,492,551)</u>	<u>\$ (11,780,711)</u>	<u>\$ 576,112</u>	<u>\$ 530,506</u>

The District's largest net position component is the Net Investment in Capital Assets portion as shown above. Net Investment in Capital Assets represents resources that are subject to external restrictions on how they may be used. Within this category, the investment amount of \$21,166,495 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 Net Investment in Capital Assets, also includes the portion of capital assets not yet fully depreciated at June 30, 2016.

Restricted net position increased \$732,885 from the prior year to \$10,716,131 at June 30, 2016.

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 (\$43,375,177) shown as unrestricted net position for Governmental Activities.

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, 2016 and 2015. 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, 2016

	Governmental Activities	Business- type Activities	Total
Revenues:			
Program revenues:			
Charges for services		\$1,876,792	\$1,876,792
Operating grants and contributions	\$46,609,372	682,802	47,292,174
General revenues:			
Property taxes	137,004,630		137,004,630
Federal and state aid not restricted to specific purposes	19,353,200		19,353,200
Miscellaneous (includes interest and tuition)	469,309	(49)	469,260
Other Financing Sources			
Cancellation of Prior Year Accounts Payables	505,918		505,918
Total revenue	<u>203,942,429</u>	<u>2,559,545</u>	<u>206,501,974</u>
Expenses:			
Instructional services	75,592,658		75,592,658
Support services	125,406,892	2,513,939	127,920,831
Interest on long-term debt and other bond costs	2,654,719		2,654,719
Total expenses	<u>203,654,269</u>	<u>2,513,939</u>	<u>206,168,208</u>
Change in net position	288,160	45,606	333,766
Net Position, beginning	(11,780,711)	530,506	(11,250,205)
Net Position, ending	<u><u>(\$11,492,551)</u></u>	<u><u>\$576,112</u></u>	<u><u>(\$10,916,439)</u></u>

June 30, 2015

	Governmental Activities	Business- type Activities	Total
Revenues:			
Program revenues:			
Charges for services		\$1,836,651	\$1,836,651
Operating grants and contributions	\$37,764,528	607,731	38,372,259
General revenues:			
Property taxes	132,860,343		132,860,343
Federal and state aid not restricted to specific purposes	19,073,690		19,073,690
Transfers in/(out)	(212,238)	212,238	
Miscellaneous (includes interest and tuition)	697,767	(17,344)	680,423
Total revenue	<u>190,184,090</u>	<u>2,639,276</u>	<u>192,823,366</u>
Expenses:			
Instructional services	114,977,119		114,977,119
Support services	75,490,538	2,530,782	78,021,320
Interest on long-term debt and other bond costs	2,679,964		2,679,964
Total expenses	<u>193,297,644</u>	<u>2,530,782</u>	<u>195,678,403</u>

Increase (decrease) in net position before transfers	(2,963,531)	108,494	(2,855,037)
Change in net position	(2,963,531)	108,494	(2,855,037)
Net Position, beginning, as restated	(8,817,180)	422,012	(8,395,168)
Net Position, ending	(11,780,711)	\$530,506	(\$11,250,205)

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, 2016 and 2015 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

June 30, 2016

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2015</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
District Taxes	\$137,004,630	75.58%	\$4,144,287	3.12%
Miscellaneous	659,741	0.36%	(164,857)	-19.99%
State sources	40,069,224	22.10%	3,319,839	9.03%
Federal sources	<u>3,537,076</u>	<u>1.95%</u>	<u>233,804</u>	<u>7.08%</u>
Total	<u>\$181,270,671</u>	<u>100.0%</u>	<u>\$7,533,073</u>	<u>4.34%</u>

June 30, 2015

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2014</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
District Taxes	\$132,860,343	76.4%	\$2,928,321	2.3%
Miscellaneous	824,598	0.5%	147,785	21.8%
State sources	36,749,385	21.2%	(1,098,226)	-2.9%
Federal sources	<u>3,303,272</u>	<u>1.9%</u>	<u>(18,069)</u>	<u>(.5)%</u>
Total	<u>\$173,737,598</u>	<u>100.0%</u>	<u>\$1,959,811</u>	<u>1.1%</u>

The increase in taxes was due primarily to the 2% general tax levy increase necessary to support the District's General Fund budget.

Miscellaneous revenue decreased primarily due to decrease in tuition revenue and prior year refunds.

The increase in State sources of \$3,099,660 is primarily attributable to the increase of the district's extraordinary aid for 2015-2016 of \$207,811 and the \$2,567,999 increase in on-behalf TPAF contributions and Social Security contributions for the 2015-2016 year,.

The following schedule presents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2016 and 2015 and the percentage of increases and (decreases) in relation to prior year amounts.

June 30, 2016:

	Amount	Percent Of Total	Increase (Decrease) From 2015	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$75,592,658	41.53%	\$569,886	0.76%
Undistributed	96,386,306	52.96%	4,196,262	4.55%
Capital outlay	2,956,659	1.62%	(17,547,008)	-85.58%
Debt service:				
Principal	3,839,000	2.11%	929,000	31.92%
Interest	3,223,579	1.77%	954,324	25.47%
Total	<u>\$181,998,202</u>	<u>100.00%</u>	<u>\$(11,197,536)</u>	<u>-5.80%</u>

June 30, 2015:

	Amount	Percent Of Total	Increase (Decrease) From 2014	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$75,022,772	38.8%	\$1,629,475	2.2%
Undistributed	92,190,044	47.7%	3,266,727	3.7%
Capital outlay	20,503,667	10.6%	10,130,692	97.7%
Debt service:				
Principal	2,910,000	1.5%	105,000	3.7%
Interest	2,569,255	1.3%	(104,467)	(3.9%)
Total	<u>\$193,195,738</u>	<u>100.0%</u>	<u>\$15,027,427</u>	<u>8.4%</u>

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added. Undistributed expenditures increased primarily due to a \$733,940 increase in special services (largely attributable to the implementation of a new program at the high school level) and a \$866,390 increase in transportation costs.

Capital outlay has decreased this year due to the completion of work on the 2014 referendum projects in the summer of 2015.

The increase in total debt service is attributable to the additional bond payments from the 2014 bond issuance.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2015-2016 budget. 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.

Significant Budget Transfers and Variations

- TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2015-2016 year and there are some transfers to salary accounts from health benefits to fund a negotiations settlement during the year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.
- Transfers were made into general supplies to cover the purchase of additional Chromebooks to support the District's 1:1 device initiative.

Based on the financial results of 2015-2016 unassigned fund balance decreased by \$35,055 to \$1,790,548 (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 change in net position of \$45,606 in 2015-2016 as compared to a change in net position of \$530,506 in 2014-2015. The guaranteed profit per the contract with Aramark was \$75,000 for 2015-2016 and \$45,798 with Aramark for 2014-2015. The food service fund required Board contribution for the 2014-2015 year of \$212,238; no such contribution was required in the 2015-2016 year. The Board has made significant investments in equipment for the food service operations over the last few years for the implementation of the block lunch schedule at the high schools and the transition from a plated satellite program to a bulk satellite/serving line food service program at the elementary schools. Operating revenues increased by 2% in 2015-2016 while operating expenses decreased 8%. However, the food service fund still incurred an operating loss of \$(637,147) in 2015-2016, as compared to an operating loss of \$(694,131) in 2014-2015. Funding from the State and Federal Government under the State and National Programs increased \$75,071 from 2014-2015 to 2015-2016. An adjustment of \$(49) was made to the accumulated depreciation on food service assets in 2015-2016. The unrestricted net position of the food service program was \$79,792 and the restricted amount of Net Invested in Capital Assets totaled \$496,320 at June 30, 2016. Although the food service operation is still not profitable, the district feels that the investments it is making in the program to improve service, combined with the changes in the operations recommended by its food service consultant, will make the program's financial results positive over time.

Capital Assets

At June 30, 2016 the District has capital assets of approximately \$95 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, 2016 and 2015:

June 30, 2016:

	Governmental Activities	Business-Type Activities
Land	\$16,909,500	
Land Improvements	4,192,741	
Buildings / Construction	71,669,731	
Machinery and Equipment	2,794,702	\$496,320
Total	<u>\$95,566,674</u>	<u>\$496,320</u>

June 30, 2015:

	Governmental Activities	Business-Type Activities
Land	\$16,909,500	
Construction in Progress	12,867,413	
Land Improvements	4,489,108	
Buildings / Construction	64,335,324	
Machinery and Equipment	1,742,801	\$530,506
Total	<u>\$100,344,145</u>	<u>\$530,506</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 6 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2016 and 2015, the District's outstanding debt issues included \$68,920,000 and \$72,759,000 respectively of general obligation bonds (2014 issue, 2013 refunding bonds, 2010 refunding bonds, and 2002 bonds), \$4,018,010 and \$5,540,967 respectively of capital leases (Sun Trust Elementary HVAC, High School North Synthetic Turf Field, Savin Copiers, technology leases) and \$3,775,819 and \$3,793,430 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 8 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2016-2017 budget will be adequate to satisfy all 2016-2017 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 the District has used in funding budgets in recent years. The excess surplus available for use in the 2017-2018 budget is \$675,825, \$376,269 less than the \$1,052,094 utilized in the 2015-2016 budget.
- The District made a withdrawal of \$1,136,431 from its Capital Reserve for the year ended June 30, 2016.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2016-2017.
- 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. However, the district's 2014-2015 and 2015-2016 state aid increases were only \$205,591 for each year and the increase for 2016-2017 was only \$123,975. 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 had an updated enrollment projection done in June 2016 which projects that the District's overall enrollment will decline approximately 3% over the next five years. The District's 2016-2017 enrollment is higher than this study reflects and is close to the 2015-2016 enrollment.
- The Board has settled contracts with all bargaining units for the 2017-2018 school year except for the Middletown Township Education Association (MTEA).

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

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A. Government-Wide Financial Statements

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2016
Cash & Cash Equivalents	\$ 6,987,221	\$ 276,930	\$ 7,264,151
Accounts Receivable	6,181,843	60,269	6,242,112
Inventories	-	28,731	28,731
Restricted Assets:			
Cash and Cash Equivalents	3,000,471	-	3,000,471
Cash on Hand with Fiscal Agent	2,442	-	2,442
Capital Assets, Non-Depreciable (Note 5)	16,909,500	-	16,909,500
Capital Assets, Net (Note 5)	78,657,174	496,320	79,153,494
Total Assets	111,738,651	862,250	112,600,901
DEFERRED OUTLOFWS OF RESOURCES			
Deferred Outflows Related to Pensions	8,498,028	-	8,498,028
Deferred Charges on Refunding of Debt	1,811,179	-	1,811,179
Total Deferred Outflows of Resources	10,309,207	-	10,309,207
Total Assets and Deferred Outflows of Resources	122,047,858	862,250	122,910,108
LIABILITIES			
Accounts Payable	\$ 1,588,282	\$ 234,743	\$ 1,823,025
Accrued Interest Payable	1,201,317	-	1,201,317
Accrued Salaries and Wages	343,392	-	343,392
Other Liabilities	-	495	495
Intergovernmental Payables:			
State	192,322	-	192,322
Unearned Revenue	450,404	50,900	501,304
Noncurrent Liabilities (Note 8):			
Due Within One Year	6,770,371	-	6,770,371
Due Beyond One Year	120,803,466	-	120,803,466
Total Liabilities	131,349,554	286,138	131,635,692
DEFERRED INLOFWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,190,855	-	2,190,855
Total Deferred Inflows of Resources	2,190,855	-	2,190,855
Total Liabilities and Deferred Inflows of Resources	133,540,409	286,138	133,826,547
NET POSITION			
Net Investment in Capital Assets	21,166,495	496,320	21,662,815
Restricted For:			
Debt Service	1,209,959	-	1,209,959
Capital Projects	4,778,782	-	4,778,782
Other Purposes	4,727,390	-	4,727,390
Unrestricted	(43,375,177)	79,792	(43,295,385)
Total Net Position	(\$11,492,551)	\$576,112	(\$10,916,439)

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, 2016**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2016
Governmental Activities:						
Instruction:						
Regular	\$ 57,731,723	\$ -	\$ 2,358,456	\$ (55,373,267)	\$ -	\$ (55,373,267)
Special Education	15,904,464	-	-	(15,904,464)	-	(15,904,464)
Other Instruction	2,141,302	-	-	(2,141,302)	-	(2,141,302)
Support Services & Undistributed Costs:						
Tuition	6,097,142	-	-	(6,097,142)	-	(6,097,142)
Attendance & Social Work Services	200,015	-	-	(200,015)	-	(200,015)
Health Services	2,578,284	-	-	(2,578,284)	-	(2,578,284)
Student & Instruction Related Services	12,537,797	-	2,292,176	(10,245,621)	-	(10,245,621)
Educational Media Services/School Library	484,439	-	-	(484,439)	-	(484,439)
Instructional Staff Training	361,975	-	-	(361,975)	-	(361,975)
Other Administrative Services	2,047,846	-	-	(2,047,846)	-	(2,047,846)
Central Services	1,472,607	-	-	(1,472,607)	-	(1,472,607)
Administration Information Technology Services	1,355,156	-	200,539	(1,154,617)	-	(1,154,617)
School Administrative Services	5,586,092	-	-	(5,586,092)	-	(5,586,092)
Plant Operations & Maintenance	16,787,638	-	-	(16,787,638)	-	(16,787,638)
Pupil Transportation	10,761,129	-	-	(10,761,129)	-	(10,761,129)
Unallocated Benefits	64,951,941	-	40,345,266	(24,606,675)	-	(24,606,675)
Interest on Long-Term Debt & Other Charges	2,654,719	-	1,412,935	(1,241,784)	-	(1,241,784)
Total Governmental Activities	203,654,269	-	46,609,372	(157,044,897)	-	(157,044,897)
Business-Type Activities:						
Food Service	2,513,939	1,876,792	682,802	-	45,655	45,655
Total Business-Type Activities	2,513,939	1,876,792	682,802	-	45,655	45,655
Total Primary Government	\$ 206,168,208	\$ 1,876,792	\$ 47,292,174	\$ (157,044,897)	\$ 45,655	\$ (156,999,242)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 131,354,986	\$ -	\$ 131,354,986
Taxes Levied for Debt Service				5,649,644	-	5,649,644
Federal & State Aid Not Restricted				19,353,200	-	19,353,200
Tuition Received				232,050	-	232,050
Miscellaneous Income				237,259	-	237,259
Total General Revenues				156,827,139	-	156,827,139
Special Items:						
Cancellation of Prior Year Accounts Payable				505,918	-	505,918
Depreciation Adjustment				-	(49)	(49)
Total General Revenues, Special Items & Extraordinary Items				157,333,057	(49)	157,333,008
Change In Net Position				288,160	45,606	333,766
Net Position - Beginning of Year				(11,780,711)	530,506	(11,250,205)
Net Position - Year End				(\$11,492,551)	\$576,112	(\$10,916,439)

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

B. Fund Financial Statements

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Governmental Funds

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	JUNE 30, 2016
Cash & Cash Equivalents	\$ 5,612,834	\$ 426,375	\$ 939,370	\$ 8,642	\$ 6,987,221
Accounts Receivable:					
Federal	-	296,518	-	-	296,518
State	1,776,272	15,385	3,897,097	-	5,688,754
Other	40,603	155,156	-	-	195,759
Cash on Hand with Fiscal Agent	2,442	-	-	-	2,442
Restricted Cash:					
Capital Reserve	2,295,801	-	-	-	2,295,801
Maintenance Reserve	704,670	-	-	-	704,670
Due From Other Funds	812	-	-	-	812
	<u>\$ 10,433,434</u>	<u>\$ 893,434</u>	<u>\$ 4,836,467</u>	<u>\$ 8,642</u>	<u>\$ 16,171,977</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,273,317	\$ 257,280	\$ 57,685	\$ -	\$ 1,588,282
Intergovernmental - Payable					
State	-	192,322	-	-	192,322
Unearned Revenue	6,572	443,832	-	-	450,404
Accrued Salaries and Wages	343,392	-	-	-	343,392
	<u>1,623,281</u>	<u>893,434</u>	<u>57,685</u>	<u>-</u>	<u>2,574,400</u>
Fund Balances:					
Restricted for:					
Excess Surplus	674,825	-	-	-	674,825
Excess Surplus Designated for Subsequent Year	1,052,094	-	-	-	1,052,094
Capital Reserve	2,295,801	-	-	-	2,295,801
Maintenance Reserve	704,670	-	-	-	704,670
Capital Projects	-	-	4,778,782	-	4,778,782
Debt Service	-	-	-	8,642	8,642
Committed to:					
Other Purposes	1,200,642	-	-	-	1,200,642
Assigned to:					
Other Purposes	1,091,573	-	-	-	1,091,573
Unassigned:					
General Fund	1,790,548	-	-	-	1,790,548
	<u>8,810,153</u>	<u>-</u>	<u>4,778,782</u>	<u>8,642</u>	<u>13,597,577</u>
Total Liabilities & Fund Balances	<u>\$ 10,433,434</u>	<u>\$ 893,434</u>	<u>\$ 4,836,467</u>	<u>\$ 8,642</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$186,743,486 and the accumulated depreciation is \$91,176,812.	95,566,674
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debit refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	8,118,352
Accrued interest payable is not recorded in the fund financial statements due to the fact that due to the fact that the payable is not due in the period.	(1,201,317)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium, other post employment benefits and capital leases payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds.	<u>(127,573,837)</u>
Net position of Governmental Activities	<u>(\$11,492,551)</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	JUNE 30, 2016
Revenues:					
Local Tax Levy	\$ 131,354,986	\$ -	\$ -	\$5,649,644	\$ 137,004,630
Tuition Charges	232,050	-	-	-	232,050
Miscellaneous	237,259	190,432	-	-	427,691
State Sources	37,406,180	1,250,109	-	1,412,935	40,069,224
Federal Sources	126,446	3,410,630	-	-	3,537,076
Total Revenues	169,356,921	4,851,171	-	7,062,579	181,270,671
Expenditures:					
Current:					
Regular Instruction	55,209,764	2,358,456	-	-	57,568,220
Special Education Instruction	15,883,136	-	-	-	15,883,136
Other Instruction	2,141,302	-	-	-	2,141,302
Support Services & Undistributed Costs:					
Tuition	6,093,146	-	-	-	6,093,146
Attendance & Social Work Services	200,015	-	-	-	200,015
Health Services	2,578,284	-	-	-	2,578,284
Student & Instruction Related Services	10,245,621	2,292,176	-	-	12,537,797
Educational Media Services/ School Library	484,439	-	-	-	484,439
Instructional Staff Training	361,975	-	-	-	361,975
Other Administrative Services	2,047,846	-	-	-	2,047,846
Central Services	1,472,607	-	-	-	1,472,607
Administration Information Technology Services	645,504	200,539	-	-	846,043
School Administrative Services	5,586,092	-	-	-	5,586,092
Plant Operations & Maintenance	12,117,609	-	-	-	12,117,609
Pupil Transportation	10,761,129	-	-	-	10,761,129
Unallocated Benefits	41,299,324	-	-	-	41,299,324
Debt Service:					
Principal	-	-	-	3,839,000	3,839,000
Interest	-	-	-	3,223,579	3,223,579
Capital Outlay	2,502,042	-	454,617	-	2,956,659
Total Expenditures	169,629,835	4,851,171	454,617	7,062,579	181,998,202
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(272,914)	-	(454,617)	-	(727,531)
Other Financing Sources/(Uses):					
Capital Leases (Nonbudgeted)	820,000	-	-	-	820,000
Cancellation of Prior Year Accounts Payable	-	-	505,918	-	505,918
Transfer To Charter School	(3,996)	-	-	-	(3,996)
Total Other Financing Sources/ Uses	816,004	-	505,918	-	1,321,922
Net Change in Fund Balances	543,090	-	51,301	-	594,391
Fund Balance - July 1	8,267,063	-	4,727,481	8,642	13,003,186
Fund Balance - June 30	\$ 8,810,153	\$ -	\$ 4,778,782	\$ 8,642	\$ 13,597,577

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

**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, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$594,391

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

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

Depreciation Expense	\$ (6,542,930)	
Capital Expenditures	<u>1,765,459</u>	(4,777,471)

Repayment of bond 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	3,839,000	
Capital Lease Payments	<u>2,342,957</u>	6,181,957

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(22,165,840)	
State Share of Unfunded TPAF Pension Expense	22,165,840	
Pension Expense - Current Contribution - 2016	1,822,513	
Pension Expense	<u>(3,326,901)</u>	(1,504,388)

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 pensions.

Bond and Lease Proceeds		(820,000)
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Net difference of accrued interest on bonds and capital leases is not recorded in the fund financial statements		451,419
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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 accrued and expensed in the statement of activities over the life of the refunding:

Amortization of Loss on Refunding	(100,403)	
Amortization of Original Issue Premium	<u>245,044</u>	144,641

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 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 (+).

		<u>17,611</u>
Change in Net Position of Governmental Activities		<u><u>\$288,160</u></u>

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Proprietary Funds

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <u>FOOD SERVICE</u> JUNE 30, 2016
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 276,930
Due from Other Governments	47,148
Other Receivables	13,121
Inventories	<u>28,731</u>
Total Current Assets	<u>365,930</u>
Long Term Assets:	
Furniture, Machinery & Equipment	787,336
Less: Accumulated Depreciation	<u>(291,016)</u>
Total Noncurrent Assets	<u>496,320</u>
Total Assets	<u>862,250</u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	234,743
Unearned Revenue	50,900
Other Liabilities	<u>495</u>
Total Liabilities	<u>286,138</u>
 NET POSITION	
Net Investment in Capital Assets	496,320
Unrestricted	<u>79,792</u>
Total Net Position	<u><u>\$ 576,112</u></u>

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, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE <hr/> JUNE 30, 2016
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 986,396
Daily Sales - Nonreimbursable Programs	874,202
Miscellaneous	16,194
	<hr/>
Total Operating Revenues	1,876,792
	<hr/>
Operating Expenses:	
Cost of Sales	810,429
Rebates - Cost of Sales Offset	
Salaries	837,912
Employee Benefits	179,935
Cleaning, Repair & Maintenance Services	8,749
Miscellaneous	438,004
General Supplies	189,107
Depreciation	49,803
	<hr/>
Total Operating Expenses	2,513,939
	<hr/>
Operating Income/(Loss)	(637,147)
	<hr/>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	19,796
Federal Sources:	
National School Lunch Program	498,730
National School Breakfast Program	30,238
Food Distribution Program	134,038
Adjustment to Depreciation	(49)
	<hr/>
Total Nonoperating Revenues/(Expenses)	682,753
	<hr/>
Change in Net Position	45,606
Total Net Position - Beginning	530,506
	<hr/>
Total Net Position - Ending	\$ 576,112
	<hr/> <hr/>

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

EXHIBIT B-6
MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE <u> </u> JUNE 30, 2016
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 1,869,305
Payments to Employees	(837,912)
Payments for Employee Benefits	(179,935)
Payments to Suppliers	<u>(1,518,218)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(666,760)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	17,850
Federal Sources	<u>523,054</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>540,904</u>
Cash Flows From Capital & Related Financing Activities:	
Purchases of Capital Assets	<u>(15,666)</u>
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>(15,666)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(141,522)
Balances - Beginning of Year	<u>418,452</u>
Balances - End of Year	<u><u>\$ 276,930</u></u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (637,147)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation & Net Amortization	49,803
Food Distribution Program	134,038
(Increase)/Decrease in Accounts Receivable, Net	(750)
(Increase)/Decrease in Inventories	(19,369)
Vendor Contribution, Based on Guaranteed Profit	(6,287)
Increase/(Decrease) in Accounts Payable	<u>(187,048)</u>
Total Adjustments	<u>(29,613)</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (666,760)</u></u>

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

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Fiduciary Fund

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	TRUST FUNDS	AGENCY FUNDS	JUNE 30, 2016
ASSETS			
Cash & Cash Equivalents	\$ 1,164,882	\$ 1,471,283	\$ 2,636,165
Total Assets	<u>1,164,882</u>	<u>1,471,283</u>	<u>2,636,165</u>
LIABILITIES			
Accounts Payable	20,677	-	20,677
Payable for Student Related Activities	-	504,649	504,649
Payroll Deductions & Withholdings	-	965,822	965,822
Interfund Payable	-	812	812
Total Liabilities	<u>20,677</u>	<u>1,471,283</u>	<u>1,491,960</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	429,792	-	429,792
Reserved for Scholarships	714,413	-	714,413
Total Net Position	<u>\$ 1,144,205</u>	<u>\$ -</u>	<u>\$ 1,144,205</u>

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ADDITIONS:	<u>PRIVATE PURPOSE</u>		JUNE 30, 2016
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	
Contributions:			
Other	\$ 141,863	\$ 153,320	\$ 295,183
Total Contributions	<u>141,863</u>	<u>153,320</u>	<u>295,183</u>
Investment Earnings:			
Interest	-	2,527	2,527
Net Investment Earnings	<u>-</u>	<u>2,527</u>	<u>2,527</u>
Total Additions	<u>141,863</u>	<u>155,847</u>	<u>297,710</u>
DEDUCTIONS:			
Quarterly Contribution Reports			
Unemployment Claims	172,986	-	172,986
Scholarships Awarded	-	44,500	44,500
Total Deductions	<u>172,986</u>	<u>44,500</u>	<u>217,486</u>
Change in Net Position	(31,123)	111,347	80,224
Net Position - Beginning of the Year	<u>460,915</u>	<u>603,066</u>	<u>1,063,981</u>
Net Position - End of the Year	<u>\$ 429,792</u>	<u>\$ 714,413</u>	<u>\$ 1,144,205</u>

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

MIDDLETOWN BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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). The following is a summary of more significant accounting policies.

Reporting Entity

The Middletown Township Board of Education (hereafter referred to as the “District”) 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 grades levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District Education has an approximate enrollment at June 30, 2016 of 9,750 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District 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 the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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 capital 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.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust 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 the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - 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 FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Budgets/Budgetary Control (continued)

The District made the following approved significant budget transfers during the 2015-2016 year:

<u>Account Number</u>	<u>Amount</u>
11-120-100-101 – Instruction – Regular Programs – Salaries of Teachers Grades 1-5	\$684,480
11-190-100-610 – Regular Programs – Undistributed Instruction – General Supplies	\$504,531
11-000-219-320 – Other Support Services – Students – Special Services - Purchased Professional – Technical Services	\$577,388
11-000-291-270 – Unallocated Benefits Employee Benefits – Health Benefits	(\$2,282,187)

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.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Cash and Cash Equivalents (continued)

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

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

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

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 District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Capital Assets (continued)

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

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

Compensated Absences

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

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Use of Estimates

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Net Position

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Impact of Recently Issued Accounting Principles (continued)

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 30, 2016, which is the date the financial statements were available to be issued.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of June 30, 2016, the District’s bank balance of \$16,047,539 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	720,548
Collateralized by securities held by		
Pledging financial institution		10,198,837
Uninsured and uncollateralized		5,128,154
 Total	 \$	 <u><u>16,047,539</u></u>

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 3. Reserve Accounts

Capital Reserve

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, 2016, the District's Long Range Facilities Plan projected total cost is \$274,936,376.

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

Beginning Balance, July 1, 2015	\$2,232,232
Increased by:	
Deposits (Per Minute Authorization, June 21, 2016)	1,200,000
Decreased by:	
Withdrawals (Per 2015-2016 Budget)	<u>(1,136,431)</u>
Ending Balance, June 30, 2016	<u>\$2,295,801</u>

Maintenance Reserve

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, June 30, 2015	
and	
Ending Balance, June 30, 2016	<u>\$704,670</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 4. Accounts Receivable

Accounts Receivable at June 30, 2016 consisted of federal source, state source, local source, and other revenue. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	Proprietary <u>Funds</u>	<u>Total</u>
Intergovernmental	\$ 1,776,272	\$ 311,903	\$ 3,897,097	\$ 47,148	\$ 6,032,420
Other	<u>40,603</u>	<u>155,156</u>	<u>-</u>	<u>13,121</u>	<u>208,880</u>
Total	<u>\$ 1,816,875</u>	<u>\$ 467,059</u>	<u>\$ 3,897,097</u>	<u>\$ 60,269</u>	<u>\$ 6,241,300</u>

Intergovernmental Accounts Receivable at June 30, 2016 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:

	<u>Governmental Fund Financial Statements</u>	<u>Business Type Activities</u>
General Fund		
State aid:		
Extraordinary Special Education Aid	\$1,391,965	
TPAF FICA Reimbursement	263,550	
Non Public Transportation	<u>120,757</u>	
	<u>\$1,776,272</u>	
Special Revenue Fund		
Federal Aid:		
Title I Part A	\$223,715	
Title II Part A	43,476	
Title III Part A	5,423	
Title III Immigrant	5,408	
IDEA Part B Basic Preschool	18,495	
State Home Instruction	<u>15,386</u>	
	<u>\$311,903</u>	
Capital Projects Fund		
State Aid:		
SDA Rod Grants	<u>3,897,097</u>	
Proprietary Fund		
Food Service Fund		
State Source		<u>\$1,700</u>
Federal Source		<u>\$45,448</u>
Total Intergovernmental Accounts Receivable	<u>\$5,985,272</u>	<u>\$47,148</u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5. Capital Assets

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

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,909,500	\$ -	\$ -	\$ 16,909,500
Construction in Progress	12,867,413	-	(12,867,413)	-
Total capital assets not being depreciated	<u>29,776,913</u>	-	(12,867,413)	<u>16,909,500</u>
Capital Assets being depreciated:				
Buildings	142,102,945	12,867,413	-	154,970,358
Land Improvements	8,142,593	-	-	8,142,593
Machinery & Equipment	4,955,576	1,765,459	-	6,721,035
Total	<u>155,201,114</u>	<u>14,632,872</u>	-	<u>169,833,986</u>
Less: accumulated depreciation:				
Buildings	(77,767,621)	(5,533,006)	-	(83,300,627)
Land Improvements	(3,653,485)	(296,367)	-	(3,949,852)
Machinery & Equipment	(3,212,776)	(713,557)	-	(3,926,333)
Total	<u>(84,633,882)</u>	<u>(6,542,930)</u>	-	<u>(91,176,812)</u>
Total Capital assets being depreciated, net	<u>70,567,232</u>	<u>8,089,942</u>	-	<u>78,657,174</u>
Total Governmental Activities capital assets, net	<u>100,344,145</u>	<u>8,089,942</u>	<u>(12,867,413)</u>	<u>95,566,674</u>

The following is a summary of proprietary fund type capital assets at June 30, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital Assets being depreciated:				
Machinery & Equipment	\$ 771,721	\$ 15,665	\$ (50)	\$ 787,336
Total capital assets being depreciated	<u>771,721</u>	<u>15,665</u>	<u>(50)</u>	<u>787,336</u>
Less: accumulated depreciation:				
Machinery & Equipment	(241,215)	(49,803)	2	(291,016)
Total accumulated depreciation	<u>(241,215)</u>	<u>(49,803)</u>	<u>2</u>	<u>(291,016)</u>
Total capital assets being depreciated, net	<u>530,506</u>	<u>(34,138)</u>	<u>(48)</u>	<u>496,320</u>
Total Proprietary Funds capital assets, net	<u>\$ 530,506</u>	<u>\$ (34,138)</u>	<u>\$ (48)</u>	<u>\$ 496,320</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 5. Capital Assets (continued):

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Regular Instruction	\$ 163,503
Special Education	21,328
Administrative Information Technology	509,113
Plant Operation & Maintenance	<u>5,848,986</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 6,542,930</u></u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 812	\$ -
Trust & Agency Fund	<u>-</u>	<u>812</u>
	<u><u>\$ 812</u></u>	<u><u>\$ 812</u></u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The Following presents a reconciliation of transfers during the 2016 fiscal year:

	Transfer In	Transfer Out
General Fund	\$ -	\$ 9,801
Capital Projects Fund	6,245	-
Trust & Agency Fund	<u>3,556</u>	<u>-</u>
	<u><u>\$ 9,801</u></u>	<u><u>\$ 9,801</u></u>

Note 7. Long-Term Obligations

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term debt:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 7. Long-Term Obligations (continued):

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 3,793,430	\$ 366,844	\$ (384,455)	\$ 3,775,819	\$ -
General Obligation Bonds	72,759,000	-	(3,839,000)	68,920,000	4,300,000
Obligations Under Capital Lease	5,540,967	820,000	(2,342,957)	4,018,010	2,225,327
Unamortized Bond Premium	3,518,392	-	(245,044)	3,273,348	245,044
Net Pension Liability	41,370,133	6,216,527	-	47,586,660	-
Total	\$ 126,981,922	\$ 7,403,371	\$ (6,811,456)	\$ 127,573,837	\$ 6,770,371

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. Bonds issued by the District are general obligation bonds.

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

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Refunding Bonds	4.000% - 5.000%	8/1/2027	\$ 55,655,000	\$ 42,795,000
Refunding Bonds	2.000% - 4.000%	8/1/2027	7,670,000	7,545,000
Serial Bonds	2.000% - 3.000%	3/15/2033	19,379,000	18,580,000
Total				\$ 68,920,000

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%. The bonds are due to mature annually through the 2028 fiscal year at annual interest rates ranging from 2.50% to 5.00%.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 7. Long-Term Obligations (continued):

Bonds Payable (continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$2,725,000	\$2,071,625	\$4,796,625
2018	2,855,000	1,932,125	4,787,125
2019	2,995,000	1,785,875	4,780,875
2020	3,140,000	1,632,500	4,772,500
2021	3,290,000	1,471,750	4,761,750
2022-2026	18,910,000	4,671,250	23,581,250
2027-2028	<u>8,880,000</u>	<u>449,250</u>	<u>9,329,250</u>
Total	<u>\$42,795,000</u>	<u>\$14,014,375</u>	<u>\$56,809,375</u>

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 \$7,767,000 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%. The bonds are due to mature annually through the 2028 fiscal year at annual interest rates ranging from 1.50% to 4.00%.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 450,000	\$ 234,055	\$ 684,055
2018	480,000	220,105	700,105
2019	505,000	205,330	710,330
2020	535,000	187,055	722,055
2021	565,000	165,055	730,055
2022-2026	3,405,000	490,392	3,895,392
20276-2028	<u>1,605,000</u>	<u>48,825</u>	<u>1,653,825</u>
Total	<u>\$7,545,000</u>	<u>\$ 1,550,817</u>	<u>\$9,095,817</u>

In May 2014, the District issued \$19,379,000 of School Bonds for the purpose of financing the renovations to all schools district-wide for roof replacements and geothermal upgrades. The bonds are due to mature annually through the 2030 fiscal year at annual interest rates ranging from 2.00% to 3.00%.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 7. Long-Term Obligations (continued):

Bonds Payable (continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$1,125,000	\$ 442,513	\$1,567,513
2018	1,140,000	419,862	1,559,862
2019	1,160,000	396,863	1,556,863
2020	1,185,000	373,412	1,558,412
2021	1,215,000	349,413	1,564,413
2022-2026	6,620,000	1,343,194	7,963,194
2027-2030	<u>6,135,000</u>	<u>374,625</u>	<u>6,509,625</u>
Total	<u>\$18,580,000</u>	<u>\$ 3,699,882</u>	<u>\$22,279,882</u>

Principal and interest due on outstanding bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 4,300,000	\$ 2,748,192	\$ 7,048,192
2018	4,475,000	2,572,092	7,047,092
2019	4,660,000	2,388,067	7,048,067
2020	4,860,000	2,192,967	7,052,967
2021	5,070,000	1,986,218	7,056,218
2022-2026	28,935,000	6,504,836	35,439,836
2027-2030	<u>16,620,000</u>	<u>872,700</u>	<u>17,492,700</u>
	<u>\$ 68,920,000</u>	<u>\$ 19,265,072</u>	<u>\$ 88,185,072</u>

Obligations Under Capital Leases

The District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016:

2017	\$ 2,313,506
2018	976,245
2019	689,144
2020	<u>173,668</u>
Total Minimum Lease Payments	4,152,563
Less: Amount Representing Interest	<u>(134,553)</u>
Present Value of Lease Payments	<u>\$ 4,018,010</u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$47,586,660 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.21199%, which was a decrease of 0.00897% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 & June 30, 2015

Actuarial Valuation Date	6/30/2016 July 1, 2015	6/30/2015 July 1, 2014
Deferred Outflows of Resources	\$ 8,498,028	\$ 5,883,049
Deferred Inflows of Resources	\$ 2,190,855	\$ 2,465,435
Net Pension Liability	\$ 47,586,660	\$ 41,370,133
District's Portion of the Plan's Total Net Pension Liability	0.21199%	0.22096%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$3,326,968. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and actual experience	\$ 1,135,251	\$ -
Changes of assumptions	5,110,427	-
Net difference between projected and actual earnings on pension plan investments	-	765,102
Changes in proportion and differences between district contributions and proportionate share of contributions	2,252,350	1,425,753
Total	<u>\$ 8,498,028</u>	<u>\$ 2,190,855</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	1,316,294
2018	1,316,294
2019	1,316,294
2020	1,316,294
2021	1,041,997
Thereafter	-

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease (3.90%)</u>	<u>Discount (4.90%)</u>	<u>Increase (5.90%)</u>
District's proportionate share of the net pension liability	\$ 59,144,396	\$ 47,586,660	\$ 37,896,738

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 8: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

	<u>TPAF</u>
Measurement date	June 30, 2015
Acturial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 8: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

C. Defined Contribution Retirement Program (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 9. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 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, 2016, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2016.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 10. Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, 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	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 141,863	\$ 172,986	\$ 429,792
2014-2015	150,000	139,377	181,633	460,915
2013-2014	-	136,601	234,906	353,171

Note 11. 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, 2016 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.

The State Department of the Treasury, Division of Pensions and Benefits served the district with an assessment for additional employer liability which the district is contesting. The ultimate resolution of the matter could have a material adverse effect on the financial position of the Board, however, the outcome is not determinable as this time.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12. 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 13. Deficit Unrestricted Net Position

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(43,375,177) existed as of June 30, 2016 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred.

However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events that place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 14. Fund Balance Appropriated

General Fund – Of the \$8,810,153 General Fund fund balance at June 30, 2016, \$2,295,801 has been restricted for the Capital Reserve Account; \$704,670 has been restricted as maintenance reserve; \$1,200,642 has been committed for other purposes; \$1,052,094 is restricted for subsequent year's expenditures; \$1,091,573 has been assigned for other purposes; \$674,825 is restricted for excess surplus; and \$1,790,548 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.

Capital Projects Fund – the total Capital Fund fund balance at June 30, 2016, \$4,778,782 is restricted for Capital Projects use only.

Debt Service Fund – the total Debt Service Fund fund balance at June 30, 2016, \$8,642 is restricted for Debt Service use only.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

Note 15. 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), 403(b)(7), and 457(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

For 403(b):

Metropolitan Life	Lincoln National Life	Lincoln Investment Planning, Inc.
AIG	Security Benefit	AXA Equitable
USAA		

For 403(b)(7):

403(b) ASP	AXA Equitable/Penserve	Security Benefit/NEA value builder
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For 457(b):

AXA Equitable

Note 16. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net 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, 2016 is \$3,775,819.

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 17. 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, 2016 is \$674,825.

Note 18. Subsequent Events

On July 12, 2016, the District entered into an Equipment Lease/Purchase Agreement with a government leasing and finance corporation for the purpose of financing technology equipment. The total principal amount of the lease was \$1,500,000. The District will make annual principal and interest payments beginning on January 15, 2017 and ending January 15, 2021 at an interest rate of 1.360%.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:					
Local Sources:					
Local Tax Levy	10-1210	\$ 131,354,986	\$ -	\$ 131,354,986	\$ -
Tuition from LEAs Withing State	10-1320	125,000	-	232,050	107,050
Tuition from Other Sources	10-1340	125,000	-	122,077	(2,923)
Rents and Royalties	10-1910	50,000	-	27,630	(22,370)
Interest Earned on Capital Reserve Fund	10-1XXX	25,000	-	-	(25,000)
Miscellaneous	10-1990	175,000	-	87,552	(87,448)
Total Local Sources		131,854,986	-	131,824,295	(30,691)
State Sources:					
Categorical Transportation Aid	10-3121	2,893,232	-	2,893,232	-
Categorical Special Education Aid	10-3132	6,072,259	-	6,072,259	-
Equalization Aid	10-3176	1,001,995	-	1,001,995	-
Categorical Security Aid	10-3177	837,191	-	837,191	-
Adjustment Aid	10-3178	6,694,364	-	6,694,364	-
Extraordinary Aid	10-3131	1,000,000	-	1,391,965	391,965
Other State Aids	10-3xxx	205,591	-	326,348	120,757
Nonbudgeted:					
On-Behalf TPAF Contributions		-	-	12,704,990	12,704,990
Reimbursed TPAF Social Security Contributions		-	-	5,474,436	5,474,436
Total State Sources		18,704,632	-	37,396,780	18,692,148
Federal Sources:					
Medicaid Reimbursement	10-4200	102,839	-	126,446	23,607
Total Federal Services		102,839	-	126,446	23,607
Total Revenues		150,662,457	-	169,347,521	18,685,064

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	2,681,045	(10,000)	2,671,045	2,662,728	8,317
Grades 1 - 5	11-120-100-101	18,746,145	684,480	19,430,625	19,430,624	1
Grades 6 - 8	11-130-100-101	11,513,880	253,043	11,766,923	11,765,966	957
Grades 9 - 12	11-140-100-101	14,914,027	237,119	15,151,146	15,150,942	204
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	75,000	61,150	136,150	136,150	-
Purchased Educational Services	11-150-100-320	51,442	12,300	63,742	46,442	17,300
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	2,085,000	(127,501)	1,957,499	1,956,570	929
Unused Vacation Pay to Retired Staff	11-190-100-199	-	1,739	1,739	-	1,739
Purchased Educational Services	11-190-100-320	91,588	11,000	102,588	81,338	21,250
Purchased Technical Services	11-190-100-340	233,580	350	233,930	233,923	7
Travel	11-190-100-580	53,801	50,000	103,801	68,452	35,349
General Supplies	11-190-100-610	2,540,988	504,531	3,045,519	2,995,281	50,238
Textbooks	11-190-100-640	853,911	(165,903)	688,008	643,814	44,194
Other Objects	11-190-100-890	-	40,650	40,650	37,534	3,116
Total Regular Programs - Instruction		53,840,407	1,552,958	55,393,365	55,209,764	183,601
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	1,337,570	(83,599)	1,253,971	1,253,971	-
Other Salaries for Instruction	11-204-100-106	1,080,000	163,538	1,243,538	1,243,437	101
General Supplies	11-204-100-610	13,000	-	13,000	6,495	6,505
Textbooks	11-204-100-640	2,000	(1,000)	1,000	-	1,000
Total Learning and/or Language Disabilities		2,432,570	78,939	2,511,509	2,503,903	7,606

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016		ACTUAL	VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS		
Behavioral Disabilities:					
Salaries of Teachers	11-209-100-101	334,379	110,606	444,985	-
Other Salaries for Instruction	11-209-100-106	288,500	19,170	307,670	-
General Supplies	11-209-100-610	4,995	1,000	5,995	2,097
Textbooks	11-209-100-640	1,000	(1,000)	-	-
Total Behavioral Disabilities		628,874	129,776	758,650	2,097
Multiple Disabilities:					
Salaries of Teachers	11-212-100-101	302,091	79,361	381,452	1
Other Salaries for Instruction	11-212-100-106	332,000	40,558	372,558	100
General Supplies	11-212-100-610	3,750	-	3,750	2,700
Textbooks	11-212-100-640	2,000	-	2,000	2,000
Total Multiple Disabilities		639,841	119,919	759,760	4,801
Resource Room/Resource Center					
Salaries of Teachers	11-213-100-101	8,652,995	351,956	9,004,951	-
Other Salaries for Instruction	11-213-100-106	2,000	149,858	151,858	-
General Supplies	11-213-100-610	7,747	4,638	12,385	6,660
Total Resource Room/Resource Center		8,662,742	506,452	9,169,194	5,725
Autism:					
Salaries of Teachers	11-214-100-101	711,135	25,280	736,415	1
Other Salaries for Instruction	11-214-100-106	1,115,000	(137,000)	978,000	88,645
General Supplies	11-214-100-610	11,450	(2,000)	9,450	4,850
Textbooks	11-214-100-640	500	-	500	500
Total Autism		1,838,085	(113,720)	1,724,365	93,996
Preschool Disabilities - Full Time:					
Salaries of Teachers	11-216-100-101	716,605	(33,110)	683,495	86,520
Other Salaries for Instruction	11-216-100-106	322,500	-	322,500	29,754
General Supplies	11-216-100-610	1,500	4,800	6,300	1,849
Total Preschool Disabilities - Full Time		1,040,605	(28,310)	1,012,295	118,123

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016		VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	FINAL BUDGET	
Home Instruction:				
Salaries of Teachers	11-219-100-101	50,000	123,124	-
Purchased Educational Services	11-219-100-320	122,615 (50,550)	72,065	56,587
Total Home Instruction -		172,615	195,189	15,478
Total Special Education		15,415,332	16,130,962	247,826
School Sponsored Co-curricular Activities:				
Salaries	11-401-100-100	468,000	499,864	487,174
Total School Sponsored Co-curricular Activities		468,000	499,864	12,690
School Sponsored Athletics - Instruction:				
Salaries	11-402-100-100	902,792	954,922	954,922
Travel	11-402-100-580	539	539	539
Supplies and Materials	11-402-100-600	269,666 (73,565)	196,101	176,306
Other Objects	11-402-100-800	375,829	448,651	395,693
Total School Sponsored Athletics - Instruction		1,548,826	1,600,213	73,292
Other Instructional Programs - Instruction:				
Salaries of Teachers	11-421-100-101	172,000 (44,990)	127,010	126,047
Total Other Instructional Programs - Instruction		172,000 (44,990)	127,010	963
After Summer School - Instruction:				
Salaries of Teachers	11-422-100-101	-	3,000	1,160
Total After Summer School Programs - Instruction		-	3,000	1,840
Total Instruction		71,444,565	73,754,414	520,212

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016		ACTUAL	VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS		
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's -State	11-000-100-561	130,000	(95,000)	35,000	24,310
Regular				10,690	
Tuition to Other LEA's -State	11-000-100-562	993,929	(133,000)	860,929	49,482
Special				811,447	
Tuition to County Vocational School Districts Regular	11-000-100-563	1,539,007	(80,000)	1,459,007	17,976
Tuition to County Vocational School Districts Special	11-000-100-564	338,575	(20,000)	318,575	29,165
Tuition to County Special School Districts & Regional Day Schools	11-000-100-565	430,000	(142,000)	288,000	70,748
Tuition to Private Schools for the Handicapped - State	11-000-100-566	3,493,383	(172,503)	3,320,880	178,681
Tuition to Private Schools for the Handicapped - Outside State	11-000-100-567	150,000	(75,000)	75,000	8,500
Tuition - State Facilities	11-000-100-568	114,617	-	114,617	-
Total Undistributed Expenditures - Instruction		7,189,511	(717,503)	6,472,008	378,862
Attendance & Social Work Services:					
Salaries	11-000-211-100	198,780	1,235	200,015	-
Travel	11-000-211-580	1,000	-	1,000	1,000
Total Attendance & Social Work Services		199,780	1,235	201,015	1,000

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016		ACTUAL	VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	FINAL BUDGET		
Health Services:					
Salaries	11-000-213-100	1,650,816	1,714,020	1,714,020	-
Purchased Professional & Technical Services	11-000-213-300	979,322	931,222	798,952	132,270
Other Purchased Services	11-000-213-500	2,500	2,500	750	1,750
Supplies and Materials	11-000-213-600	50,486	45,486	40,844	4,642
Other Objects	11-000-213-800	34,903	33,003	23,718	9,285
Total Health Services		2,718,027	2,726,231	2,578,284	147,947
Other Support Services - Students - Related Services:					
Salaries	11-000-216-100	1,459,310	1,445,828	1,435,414	10,414
Purchased Professional - Educational Services	11-000-216-320	978,798	913,548	853,071	60,477
Supplies and Materials	11-000-216-600	65,997	51,447	28,535	22,912
Total Other Support Services - Students - Related Services		2,504,105	2,410,823	2,317,020	93,803
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	11-000-218-104	1,954,882	1,826,424	1,826,424	-
Salaries of Secretarial & Clerical Assistants	11-000-218-105	268,130	281,508	281,508	-
Purchased Professional - Educational Services	11-000-218-320	38,000	38,000	24,950	13,050
Total Other Support Services - Students - Regular		2,261,012	2,145,932	2,132,882	13,050
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	11-000-219-104	4,052,595	4,191,567	4,191,567	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	337,164	355,803	355,803	-
Purchased Professional - Technical Services	11-000-219-320	283,528	577,388	677,470	183,446
Miscellaneous Purchased Services	11-000-219-592	9,217	5,000	7,689	6,528
Supplies and Materials	11-000-219-600	59,654	7,400	58,114	8,940
Other Objects	11-000-219-890	5,000	(4,000)	122	878
Total Other Support Services - Students - Special Services		4,747,158	5,490,557	5,290,765	199,792

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016		VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	FINAL BUDGET	
Improvement of Instruction Services/Other Support				
Services - Instruction Staff:				
Salaries of Supervisor of Instruction	11-000-221-102	559,858	494,358	1,337
Supplies and Materials	11-000-221-600	45,149	21,162	9,229
		605,007	515,520	10,566
Total Improvement of Instruction Services/Other Support			504,954	
Services - Instructional Staff				
Educational Media Services/School Library:				
Salaries	11-000-222-100	355,210	355,210	3,478
Salaries of Tech Coordinator	11-000-222-177	85,000	87,060	-
Supplies and Materials	11-000-222-600	63,293	50,533	4,886
		503,503	492,803	8,364
Total Educational Media Services/School Library			484,439	
Instructional Staff Training Services:				
Salaries of Other Professional Staff	11-000-223-104	10,000	10,000	10,000
Other Salaries	11-000-223-110	297,946	302,946	76,584
Purchased Professional - Educational Services				
Other Purchased Services	11-000-223-320	186,250	177,862	78,410
	11-000-223-500	86,687	62,656	26,495
		580,883	553,464	191,489
Total Instructional Staff Training Services			361,975	
Support Services General Administration:				
Salaries				
Unused Vacation Pay to Retired Staff	11-000-230-100	1,113,615	1,248,196	1
Legal Services	11-000-230-199	-	5,273	1
Audit Services	11-000-230-331	493,859	495,260	197,154
Architecture/Engineering Services	11-000-230-332	89,584	92,684	45,569
Other Professional Services	11-000-230-334	14,614	115,014	21,362
Purchased Technical Services	11-000-230-339	500	25,500	-
Communications/Telephone	11-000-230-340	88,165	84,865	24,780
Other Purchased Services	11-000-230-530	343,462	253,112	47,922
Misc. Purchased Services	11-000-230-585	3,645	3,103	-
BOE In House Training	11-000-230-590	2,000	1,142	1,588
Judgments Against School District	11-000-230-630	2,000	2,304	394
Miscellaneous Expenditures	11-000-230-820	75,000	61,846	61,846
BOE Membership Dues & Fees	11-000-230-890	18,161	31,611	110
	11-000-230-895	27,196	27,196	26,663
		2,271,801	2,449,106	401,260
Total Support Services General Administration			2,047,846	

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Support Services School Administration:					
Salaries of Principals & Assistant Principals	11-000-240-103	3,711,786	(347,797)	3,363,989	3,333,353
Salaries of Other Professional Staff	11-000-240-104	518,397	(26,981)	491,416	491,416
Salaries of Secretarial & Clerical Assistants	11-000-240-105	1,657,834	18,240	1,676,074	1,676,074
Unused Vacation Pay to Retired Staff	11-000-240-199	-	61,205	61,205	61,201
Other Objects	11-000-240-800	21,450	3,650	25,100	24,048
		5,909,467	(291,683)	5,617,784	5,586,092
Total Support Services School Administration					31,692
Central Services:					
Salaries	11-000-251-100	1,252,200	(10,906)	1,241,294	1,234,794
Unused Vacation Pay to Retired Staff	11-000-251-199	-	17,006	17,006	17,006
Purchased Professional Services	11-000-251-340	66,000	14,700	80,700	80,235
Miscellaneous Purchased Services	11-000-251-592	37,354	(11,061)	26,293	24,063
General Supplies	11-000-251-600	28,954	200	29,154	29,138
Interest on Lease Purchase Agreements	11-000-251-832	74,613	1	74,614	74,613
Miscellaneous Expenditures	11-000-251-890	16,623	(3,840)	12,783	12,758
		1,475,744	6,100	1,481,844	1,472,607
Total Central Services					9,237
Administrative Information Technology:					
Salaries	11-000-252-100	574,239	37,164	611,403	611,303
Purchased Technical Services	11-000-252-340	49,125	(2,000)	47,125	32,326
Other Purchased Services	11-000-252-500	1,884	2,000	3,884	1,875
		625,248	37,164	662,412	645,504
Total Administrative Information Technology					16,908
Required Maintenance for School Facilities:					
Salaries	11-000-261-100	2,054,553	142,514	2,197,067	2,197,067
Unused Vacation Pay to Retired Staff	11-000-261-199	-	5,000	5,000	-
Cleaning, Repair & Maintenance Services	11-000-261-420	508,447	121,440	629,887	600,608
Travel	11-000-261-580	2,000	1,165	3,165	2,696
General Supplies	11-000-261-610	514,931	(7,914)	507,017	468,371
		3,079,931	262,205	3,342,136	3,268,742
Total Required Maintenance for School Facilities					73,394

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Custodial Services:					
Salaries	11-000-262-100	3,521,893	(41,504)	3,480,389	3,480,388
Salaries of Non-Instructional Aids	11-000-262-107	415,000	(60,000)	355,000	336,567
Unused Vacation Pay to Retired Staff	11-000-262-108	-	9,500	9,500	8,454
Purchased Professional & Technical Services	11-000-262-300	50,417	(31,000)	19,417	6,636
Cleaning, Repair & Maintenance Services	11-000-262-420	339,500	(33,200)	306,300	280,940
Other Purchased Property Services	11-000-262-490	190,000	31,327	221,327	221,327
Insurance	11-000-262-520	877,723	11,500	889,223	886,980
Travel	11-000-262-580	2,000	2,015	4,015	3,827
General Supplies	11-000-262-610	385,103	(173,541)	211,562	166,161
Energy (Natural Gas)	11-000-262-621	400,000	(33,000)	367,000	366,938
Energy (Electricity)	11-000-262-622	2,059,735	(190,700)	1,869,035	1,868,505
Energy (Gasoline)	11-000-262-626	-	72,342	72,342	68,184
Other Objects	11-000-262-800	14,000	(500)	13,500	8,987
Total Custodial Services		8,255,371	(436,761)	7,818,610	7,703,894
Care & Upkeep of Grounds:					
Salaries	11-000-263-100	627,471	(70,000)	557,471	551,105
Cleaning, Repair & Maintenance	11-000-263-420	98,211	(1,016)	97,195	85,443
General Supplies	11-000-263-610	97,475	14,191	111,666	101,088
Total Care & Upkeep of Grounds		823,157	(56,825)	766,332	737,636
Security:					
Salaries	11-000-266-100	402,871	-	402,871	400,460
General Supplies	11-000-266-610	50,000	2,032	52,032	5,640
Other Objects	11-000-266-800	6,500	-	6,500	1,237
Total Security		459,371	2,032	461,403	407,337
					54,066

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	163,502	-	163,502	3,869
Contracted Services (Between Home & School) - Vendors	11-000-270-511	4,374,735	80,832	4,455,567	1,163
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	348,000	50,169	398,169	8,202
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513	800,000	360,000	1,160,000	14,245
Contracted Services (Special Education Students) - Vendors	11-000-270-514	4,605,149	(139,000)	4,466,149	10,630
Contracted Services - Aid in Lieu - Nonpublic	11-000-270-503	159,769	(1)	159,768	14,758
Travel	11-000-270-580	1,187	-	1,187	862
General Supplies	11-000-270-610	2,125	-	2,125	1,617
Miscellaneous Expenditures	11-000-270-890	15,158	-	15,158	5,150
Total Student Transportation Services		10,469,625	352,000	10,821,625	60,496
Unallocated Benefits Employee Benefits:					
Social Security Contributions	11-000-291-220	1,725,000	-	1,725,000	36,212
Other Retirement Contributions	11-000-291-241	1,990,131	(90,839)	1,899,292	812
Workman's Compensation	11-000-291-260	1,143,323	95,407	1,238,730	-
Health Benefits	11-000-291-270	19,625,069	(2,282,187)	17,342,882	19,367
Tuition Reimbursement	11-000-291-280	-	47,000	47,000	655
Other Health Benefits	11-000-291-290	1,035,000	(390,500)	644,500	15,463
Unused Sick Pay to Retired Staff	11-000-291-299	-	310,385	310,385	15,382
Total Unallocated Benefits - Employee Benefits		25,518,523	(2,310,734)	23,207,789	87,891
Nonbudgeted:					
On-Behalf TPAF Pension Contributions		-	-	-	(12,704,990)
Reimbursed TPAF Social Security Contributions		-	-	-	(5,474,436)
Total Undistributed Expenditures		80,197,224	(2,559,830)	77,637,394	(16,256,197)

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Total Expenditures - Current Expense		151,641,789	(249,981)	151,391,808	167,127,793 (15,735,985)
Equipment:					
Grades 1 - 5	12-120-100-730	-	14,000	14,000	14,000
Grades 6 - 8	12-130-100-730	6,800	-	6,800	2,731 4,069
Grades 9 - 12	12-140-100-730	15,500	-	15,500	14,561 939
Special Education - Instruction:					
Multiple Disabilities	12-212-100-730	25,000	(20,500)	4,500	- 4,500
School Sponsored - Other	12-402-100-730	-	40,443	40,443	36,548 3,895
Instruction Programs					
Undistributed Expenditures:					
General Administration	12-000-230-730	8,714	500	9,214	9,045 169
Central Services	12-000-251-730	181,951	-	181,951	181,951 -
Noninstructional Services	12-000-300-730	911,842	215,538	1,127,380	11,375 1,116,005
Total Equipment		1,149,807	249,981	1,399,788	256,211 1,143,577
Facilities Acquisition & Construction Services:					
Construction Services	12-000-400-450	432,125	-	432,125	234,631 197,494
Lease Purchase Agreement - Principal	12-000-400-721	1,164,000	-	1,164,000	1,164,000 -
Other Objects	12-000-400-800	27,200	(27,200)	-	- -
Assessment for Debt Service	12-000-400-896	-	27,200	27,200	27,200 -
Total Facilities Acquisition & Construction Services		1,623,325	-	1,623,325	1,425,831 197,494
Assets Acquired Under Capital Leases (Non-Budgeted):					
School Administration		-	-	-	820,000 (820,000)
Total Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	820,000 (820,000)
Total Capital Outlay		2,773,132	249,981	3,023,113	2,502,042 521,071

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

ACCOUNT NUMBERS	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Total Expenditures	154,414,921	-	154,414,921	169,629,835 (15,214,914)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(3,752,464)	-	(3,752,464)	(282,314) 3,470,150
Other Financing Sources/(Uses):				
Operating Transfers Out:				
Transfer to Charter Schools	(9,988)	-	(9,988)	(3,996) 5,992
Capital Leases (Nonbudgeted)	-	-	-	820,000 820,000
Total Other Financing Sources/(Uses)	(9,988)	-	(9,988)	816,004 825,992
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(3,762,452)	-	(3,762,452)	533,690 4,296,142
Fund Balances, July 1	10,011,245	-	10,011,245	10,011,245 -
Fund Balances, June 30	\$ 6,248,793	\$ -	\$ 6,248,793	\$ 10,544,935 \$ 4,296,142

RECAPITULATION

Restricted Fund Balance:		
Capital Reserve	\$ 2,295,801	
Maintenance Reserve	704,670	
Excess Surplus	674,825	
Excess Surplus Designated for Subsequent Year's Expenditures	1,052,094	
Committed Fund Balance:		
Year-end Encumbrances	1,200,642	
Assigned Fund Balance:		
Year-end Encumbrances	1,091,573	
Unassigned Fund Balance	3,525,330	
Subtotal	10,544,935	
Reconciliation to Governmental Funds Statements (GAAP):		
Last State Aid Payments not recognized on GAAP basis	(1,734,782)	
Fund Balance per Governmental Funds (GAAP)	\$ 8,810,153	

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016**

REVENUES	JUNE 30, 2016			ACTUAL	VARIANCE FINAL TO ACTUAL (OVER/ UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Local Sources	\$ 100,000	\$ 146,737	\$ 246,737	\$ 190,432	\$ 56,305
State Sources	1,209,545	32,033	1,241,578	1,250,109	(8,531)
Federal Sources	2,695,495	1,209,524	3,905,019	3,418,876	486,143
Total Revenues	4,005,040	1,388,294	5,393,334	4,859,417	533,917
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,695,495	(2,030,081)	665,414	624,650	40,764
Purchased Professional & Technical Services	-	22,322	22,322	-	22,322
Other Purchased Services (400-500 series)	-	1,536,673	1,536,673	1,317,405	219,268
General Supplies	100,000	181,624	281,624	163,049	118,575
Textbooks	166,466	2,323	168,789	182,039	(13,250)
Other Objects	-	10,000	10,000	21,697	(11,697)
Total Instruction	2,961,961	(277,139)	2,684,822	2,308,840	375,982
Support Services:					
Salaries of Other Professional Staff	-	223,005	223,005	210,933	12,072
Personal Services - Employee Benefits	-	154,813	154,813	153,960	853
Purchased Professional - Educational Services	-	972,868	972,868	893,100	79,768
Transportation	-	35,000	35,000	33,972	1,028
Other Purchased Services (400-500 Series)	953,671	16,435	970,106	944,785	25,321
Supplies & Materials	-	43,720	43,720	113,288	(69,568)
Total Support Services	953,671	1,445,841	2,399,512	2,350,038	49,474
Facilities Acquisition & Construction Services:					
Instructional Equipment	89,408	219,592	309,000	200,539	108,461
Total Facilities Acquisition & Construction Services	89,408	219,592	309,000	200,539	108,461
Total Expenditures	4,005,040	1,388,294	5,393,334	4,859,417	533,917
Total Outflows	4,005,040	1,388,294	5,393,334	4,859,417	533,917
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)					
	-	-	-	-	-

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI - BUDGET TO GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Note A - 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 Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 169,347,521	\$ 4,859,417
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	-	(238,099)
Prior Year	-	229,853
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	(1,734,782)	-
Prior Year	1,744,182	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 169,356,921</u>	<u>\$ 4,851,171</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 169,629,835	\$ 4,859,417
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	-	49,616
Support Services	-	(57,862)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 169,629,835</u>	<u>\$ 4,851,171</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.21199%	0.22096%	0.20387%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 47,586,660	\$ 41,370,133	\$ 38,963,308	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 12,798,464	\$ 13,559,453	\$ 14,417,826	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	332.85%	323.24%	287.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,798,476	\$ 1,822,513	\$ 1,821,579	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	1,798,476	1,822,513	1,821,579	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 14,296,606	\$ 12,798,464	\$ 13,559,453	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	12.75%	14.23%	13.43%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.72464%	0.71547%	0.71102%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 458,004,352	\$ 382,394,370	\$ 359,346,441	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 79,786,462	\$ 71,362,648	\$ 71,840,310	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68) –
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

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

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2015-2016 TITLE I-PART A	I.D.E.A. PART B 2015-2016	I.D.E.A. PRESCHOOL 2015-2016	I.D.E.A. EISENHOWER/ MATH 2015-2016	TITLE IIA
Revenues:					
Federal Sources	\$ 580,290	\$ 2,556,909	\$ 57,507	\$ 206,618	
Total Revenues	<u>\$ 580,290</u>	<u>\$ 2,556,909</u>	<u>\$ 57,507</u>	<u>\$ 206,618</u>	
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 345,926	\$ 203,504	\$ -	\$ 54,620	
Other Purchased Services (400-500 Series)	-	1,302,675	14,730	-	
General Supplies	59,864	31,762	-	20,765	
Textbooks	-	-	13,250	-	
Total Instruction	<u>405,790</u>	<u>1,537,941</u>	<u>27,980</u>	<u>75,385</u>	
Support Services:					
Salaries of Other Professional Staff	69,097	89,671	7,625	44,540	
Personal Services - Employee Benefits	104,052	22,428	1,699	25,781	
Purchased Professional - Educational Services	-	874,897	18,203	-	
Transportation	-	31,972	2,000	-	
Other Purchased Services (400-500 Series)	-	-	-	22,388	
Supplies & Materials	1,351	-	-	38,524	
Total Support Services	<u>174,500</u>	<u>1,018,968</u>	<u>29,527</u>	<u>131,233</u>	
Total Expenditures	<u>\$ 580,290</u>	<u>\$ 2,556,909</u>	<u>\$ 57,507</u>	<u>\$ 206,618</u>	

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	TITLE III 2015-2016	TITLE III IMMIGRANT 2015-2016	VAN'S AWARD GRANT	MACY'S GRANT	BBALL GRANT	STEM BAYSHORE GRANT	GALE GROUP GRANT	HOCKEY IN MIDDLETOWN
Revenues:								
Local Sources	\$ -	\$ -	\$ 449	\$ 1,673	\$ 6,135	\$ 2,454	\$ 3,529	\$ 21,697
Federal Sources	12,145	5,407	-	-	-	-	-	-
Total Revenues	\$ 12,145	\$ 5,407	\$ 449	\$ 1,673	\$ 6,135	\$ 2,454	\$ 3,529	\$ 21,697
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 4,881	\$ 334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Supplies	6,850	5,073	449	1,673	6,135	2,454	3,529	-
Other Objects	-	-	-	-	-	-	-	21,697
Total Instruction	11,731	5,407	449	1,673	6,135	2,454	3,529	21,697
Support Services:								
Other Purchased Services (400-500 Series)	414	-	-	-	-	-	-	-
Total Support Services	414	-	-	-	-	-	-	-
Total Expenditures	\$ 12,145	\$ 5,407	\$ 449	\$ 1,673	\$ 6,135	\$ 2,454	\$ 3,529	\$ 21,697

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	MONUMENT THORNE GRANT	RIVER PLAZA GRANT	NORTH MARQUEE GRANT	SAFETY GRANT	SCHOOL GARDEN GRANT	STEM GRANT	BAYVIEW GARDEN GRANT	EXXON HS SOUTH GRANT	NEW JERSEY NONPUBLIC TECHNOLOGY AID	NEW JERSEY NONPUBLIC TEXTBOOK AID
Revenue:										
Local Sources	\$ 470	\$ 724	\$ 15,190	\$ 130,000	\$ 2,000	\$ 4,873	\$ 276	\$ 962	\$ -	\$ -
State Sources	-	-	-	-	-	-	-	-	70,539	-
Total Revenues	\$ 470	\$ 724	\$ 15,190	\$ 130,000	\$ 2,000	\$ 4,873	\$ 276	\$ 962	\$ 70,539	\$ 168,789
Expenditures:										
Instruction:										
General Supplies	\$ 470	\$ 724	\$ 15,190	\$ -	\$ 2,000	\$ 4,873	\$ 276	\$ 962	\$ -	\$ -
Textbooks	-	-	-	-	-	-	-	-	-	168,789
Total Instruction	470	724	15,190	-	2,000	4,873	276	962	-	168,789
Facilities Acquisition & Construction Services:										
Instructional Equipment	-	-	-	130,000	-	-	-	-	70,539	-
Total Facilities Acquisition & Construction Services	-	-	-	130,000	-	-	-	-	70,539	-
Total Expenditures	\$ 470	\$ 724	\$ 15,190	\$ 130,000	\$ 2,000	\$ 4,873	\$ 276	\$ 962	\$ 70,539	\$ 168,789

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2016**

	NEW JERSEY NONPUBLIC NURSING AID	NEW JERSEY NONPUBLIC NURSING AID	NJ NONPUBLIC AUXILIARY SERVICES CHAPTER 192 HOME INSTRUCTION	CHAPTER 192 COMPENSATORY EDUCATION	NJ NONPUBLIC HANDICAPPED SERVICES CHAPTER 193 SUPPLEMENTAL INSTRUCTION	CHAPTER 193 EXAMINATION & CORRECTIVE SPEECH	CHAPTER 193 CORRECTIVE SPEECH	2016
Revenue:								
Local Sources	\$ -	\$ -	\$ 15,385	\$ -	\$ -	\$ -	\$ -	\$ 190,432
State Sources	266,220	73,413	15,385	278,344	118,069	184,940	74,410	1,250,109
Federal Sources	-	-	-	-	-	-	-	3,418,876
Total Revenues	\$ 266,220	\$ 73,413	\$ 15,385	\$ 278,344	\$ 118,069	\$ 184,940	\$ 74,410	\$ 4,859,417
Expenditures:								
Instruction:								
Salaries of Teachers	-	-	15,385	-	-	-	-	624,650
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-	1,317,405
General Supplies	-	-	-	-	-	-	-	163,049
Textbooks	-	-	-	-	-	-	-	182,039
Other Objects	-	-	-	-	-	-	-	21,697
Total Instruction	-	-	15,385	-	-	-	-	2,308,840
Support Services:								
Salaries of Other Professional Staff	-	-	-	-	-	-	-	210,933
Personal Services - Employee Benefits	-	-	-	-	-	-	-	153,960
Purchased Professional - Educational Services	-	-	-	-	-	-	-	893,100
Transportation	-	-	-	-	-	-	-	33,972
Other Purchased Services (400-500 Series)	266,220	-	-	278,344	118,069	184,940	74,410	944,785
Supplies & Materials	-	73,413	-	-	-	-	-	113,288
Total Support Services	266,220	73,413	-	278,344	118,069	184,940	74,410	2,350,038
Facilities Acquisition & Construction Services:								
Land Improvements	-	-	-	-	-	-	-	200,539
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-	-	-	200,539
Total Expenditures	\$ 266,220	\$ 73,413	\$ 15,385	\$ 278,344	\$ 118,069	\$ 184,940	\$ 74,410	\$ 4,859,417

F. Capital Projects Fund

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellation of Prior Year Liabilities</u>	<u>Unexpended Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>		
SCC Grants: (SCC Managed Projects)						
Roofing Replacement Project	5/27/2014	\$ 17,333,839	\$ 13,545,335	\$ 443,761	\$ 584,006	\$ 3,928,749
Replacement of Telephone System	5/27/2014	711,865	626,444	-	31,329	116,750
Upgrades to Geothermal System	5/27/2014	14,965,094	14,314,994	10,856	158,281	797,525
Boiler Replacement Project	5/27/2014	861,665	658,209	-	-	203,456
Total SCC Grants		<u>33,872,463</u>	<u>29,144,982</u>	<u>454,617</u>	<u>773,616</u>	<u>5,046,480</u>
Total		<u>\$ 33,872,463</u>	<u>\$ 29,144,982</u>	<u>\$ 454,617</u>	<u>\$ 773,616</u>	<u>\$ 5,046,480</u>

Reconciliation of Fund Balance, June 30, 2016

Unexpended Project Balances, June 30, 2016	<u>\$ 5,046,480</u>
Total Fund Balance (Budgetary Basis) - June 30, 2016	<u>5,046,480</u>
Less: Reserve for Encumbrances	<u>(267,698)</u>
Total Fund Balance (GAAP Basis) - June 30, 2016	<u>\$ 4,778,782</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources:	
Cancellation of Prior Year Liabilities	\$ 773,616
	<hr/>
Total Revenues and Other Financing Sources	773,616
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	\$ 14,762
Construction Services	439,855
	<hr/>
Total Expenditures and Other Financing Uses	454,617
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources	
Over (Under) Expenditures and Other Financing Uses	318,999
	<hr/>
Fund Balance, July 1	4,727,481
	<hr/>
Fund Balance, June 30	\$ 5,046,480
	<hr/> <hr/>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - HIGH SCHOOL NORTH
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 775,680	\$ -	\$ 775,680	\$ 775,680
Bond Proceeds and Transfers	1,163,520	(96,000)	1,067,520	1,067,520
Cancellation of Prior Year Liabilities	-	93,456	93,456	93,456
	<u>1,939,200</u>	<u>(2,544)</u>	<u>1,936,656</u>	<u>1,936,656</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	79,720	2,040	81,760	81,760
Construction services	1,294,149	-	1,294,149	1,294,149
	<u>1,373,869</u>	<u>2,040</u>	<u>1,375,909</u>	<u>1,375,909</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 565,331</u>	<u>\$ (4,584)</u>	<u>\$ 560,747</u>	<u>\$ 560,747</u>
Additional Project Information:				
Project Number	3160-050-14-1019			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 1,163,520			
Bonds Issued	1,163,520			
Original Authorized Cost	1,939,200			
Additional Authorized Cost	-			
Revised Authorized Cost	1,939,200			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	71.05%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - HIGH SCHOOL SOUTH
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 1,388,063	\$ -	\$ 1,388,063	\$ 1,388,063
Bond Proceeds and Transfers	1,681,196	-	1,681,196	1,681,196
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	3,069,259	-	3,069,259	3,069,259
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	137,063	-	137,063	137,063
Construction services	2,493,680	-	2,493,680	2,493,680
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	2,630,743	-	2,630,743	2,630,743
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 438,516</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 438,516</u>	<hr/> <u>\$ 438,516</u>
Additional Project Information:				
Project Number	3160-053-14-1020			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 2,080,296			
Bonds Issued	2,080,296			
Original Authorized Cost	3,470,159			
Additional Authorized Cost	(400,900)			
Revised Authorized Cost	3,069,259			
Percentage Increase over Original Authorized Cost	-11.55%			
Percentage Completion	85.71%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2014			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - BAYSHORE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 1,070,256	\$ -	\$ 1,070,256	\$ 1,070,256
Bond Proceeds and Transfers	1,605,384	-	1,605,384	1,605,384
Cancellation of Prior Year Liabilities	-	347,156	347,156	347,156
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	2,675,640	347,156	3,022,796	3,022,796
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	109,942	1,584	111,526	111,526
Construction services	2,008,381	-	2,008,381	2,008,381
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	2,118,323	1,584	2,119,907	2,119,907
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 557,317</u>	<hr/> <u>\$ 345,572</u>	<hr/> <u>\$ 902,889</u>	<hr/> <u>\$ 902,889</u>
Additional Project Information:				
Project Number	3160-055-14-1022			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 1,605,384			
Bonds Issued	1,605,384			
Original Authorized Cost	2,675,640			
Additional Authorized Cost	-			
Revised Authorized Cost	2,675,640			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	70.13%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - THOMPSON MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 423,920	\$ -	\$ 423,920	\$ 423,920
Bond Proceeds and Transfers	<u>635,880</u>	<u>-</u>	<u>635,880</u>	<u>635,880</u>
Total Revenues and Other Financing Sources	<u>1,059,800</u>	<u>-</u>	<u>1,059,800</u>	<u>1,059,800</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	41,859	-	41,859	41,859
Construction services	<u>773,507</u>	<u>-</u>	<u>773,507</u>	<u>773,507</u>
Total Expenditures and Other Financing Uses	<u>815,366</u>	<u>-</u>	<u>815,366</u>	<u>815,366</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 244,434</u>	<u>\$ -</u>	<u>\$ 244,434</u>	<u>\$ 244,434</u>
Additional Project Information:				
Project Number	3160-057-14-1025			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 635,880			
Bonds Issued	635,880			
Original Authorized Cost	1,059,800			
Additional Authorized Cost	-			
Revised Authorized Cost	1,059,800			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	76.94%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - THORNE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 668,440	\$ -	\$ 668,440	\$ 668,440
Bond Proceeds and Transfers	802,660	-	802,660	802,660
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	1,471,100	-	1,471,100	1,471,100
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	66,006	-	66,006	66,006
Construction services	1,230,213	-	1,230,213	1,230,213
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	1,296,219	-	1,296,219	1,296,219
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 174,881</u>	<u>\$ -</u>	<u>\$ 174,881</u>	<u>\$ 174,881</u>
Additional Project Information:				
Project Number	3160-059-14-1027			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 1,002,660			
Bonds Issued	1,002,660			
Original Authorized Cost	1,671,100			
Additional Authorized Cost	(200,000)			
Revised Authorized Cost	1,471,100			
Percentage Increase over Original Authorized Cost	-11.97%			
Percentage Completion	88.11%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2014			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - BAYVIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 459,400	\$ -	\$ 459,400	\$ 459,400
Bond Proceeds and Transfers	689,100	-	689,100	689,100
Cancellation of Prior Year Liabilities	-	22,194	22,194	22,194
	<u>1,148,500</u>	<u>22,194</u>	<u>1,170,694</u>	<u>1,170,694</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	47,192	-	47,192	47,192
Construction services	862,083	-	862,083	862,083
	<u>909,275</u>	<u>-</u>	<u>909,275</u>	<u>909,275</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Financing Uses	<u>\$ 239,225</u>	<u>\$ 22,194</u>	<u>\$ 261,419</u>	<u>\$ 261,419</u>
Additional Project Information:				
Project Number	3160-060-14-1028			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 689,100			
Bonds Issued	689,100			
Original Authorized Cost	1,148,500			
Additional Authorized Cost	-			
Revised Authorized Cost	1,148,500			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	77.67%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2014			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - FAIRVIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 229,120	\$ -	\$ 229,120	\$ 229,120
Bond Proceeds and Transfers	343,680	-	343,680	343,680
Cancellation of Prior Year Liabilities	-	41,609	41,609	41,609
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	572,800	41,609	614,409	614,409
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	23,369	52	23,421	23,421
Construction services	382,265	3,979	386,244	386,244
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	405,634	4,031	409,665	409,665
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 167,166</u>	<hr/> <u>\$ 37,578</u>	<hr/> <u>\$ 204,744</u>	<hr/> <u>\$ 204,744</u>
Additional Project Information:				
Project Number	3160-090-14-1031			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 343,680			
Bonds Issued	343,680			
Original Authorized Cost	572,800			
Additional Authorized Cost	-			
Revised Authorized Cost	572,800			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	66.68%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - LEONARDO ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 179,700	\$ -	\$ 179,700	\$ 179,700
Bond Proceeds and Transfers	269,550	-	269,550	269,550
Cancellation of Prior Year Liabilities	-	27,148	27,148	27,148
	<u>449,250</u>	<u>27,148</u>	<u>476,398</u>	<u>476,398</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	18,169	230	18,399	18,399
Construction services	299,812	-	299,812	299,812
	<u>317,981</u>	<u>230</u>	<u>318,211</u>	<u>318,211</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 131,269</u>	<u>\$ 26,918</u>	<u>\$ 158,187</u>	<u>\$ 158,187</u>
Additional Project Information:				
Project Number	3160-110-14-1032			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 269,550			
Bonds Issued	269,550			
Original Authorized Cost	449,250			
Additional Authorized Cost	-			
Revised Authorized Cost	449,250			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	66.80%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - LINCROFT ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 373,620	\$ -	\$ 373,620	\$ 373,620
Bond Proceeds and Transfers	<u>560,430</u>	<u>-</u>	<u>560,430</u>	<u>560,430</u>
Total Revenues and Other Financing Sources	<u>934,050</u>	<u>-</u>	<u>934,050</u>	<u>934,050</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	36,892	-	36,892	36,892
Construction services	<u>681,935</u>	<u>-</u>	<u>681,935</u>	<u>681,935</u>
Total Expenditures and Other Financing Uses	<u>718,827</u>	<u>-</u>	<u>718,827</u>	<u>718,827</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 215,223</u>	<u>\$ -</u>	<u>\$ 215,223</u>	<u>\$ 215,223</u>
Additional Project Information:				
Project Number	3160-120-14-1033			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 560,430			
Bonds Issued	560,430			
Original Authorized Cost	934,050			
Additional Authorized Cost	-			
Revised Authorized Cost	934,050			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	76.96%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - MIDDLETOWN VILLAGE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 51,000	\$ -	\$ 51,000	\$ 51,000
Bond Proceeds and Transfers	76,500	-	76,500	76,500
Cancellation of Prior Year Liabilities	<u>-</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total Revenues and Other Financing Sources	<u>127,500</u>	<u>27</u>	<u>127,527</u>	<u>127,527</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	5,239	-	5,239	5,239
Construction services	<u>95,703</u>	<u>18,433</u>	<u>114,136</u>	<u>114,136</u>
Total Expenditures and Other Financing Uses	<u>100,942</u>	<u>18,433</u>	<u>119,375</u>	<u>119,375</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 26,558</u>	<u>\$ (18,406)</u>	<u>\$ 8,152</u>	<u>\$ 8,152</u>
Additional Project Information:				
Project Number	3160-130-14-1034			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 76,500			
Bonds Issued	76,500			
Original Authorized Cost	127,500			
Additional Authorized Cost	-			
Revised Authorized Cost	127,500			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	93.61%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2014			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - NAVESINK ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 298,100	\$ -	\$ 298,100	\$ 298,100
Bond Proceeds and Transfers	447,150	-	447,150	447,150
Cancellation of Prior Year Liabilities	-	42,743	42,743	42,743
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	745,250	42,743	787,993	787,993
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	30,783	-	30,783	30,783
Construction services	493,901	-	493,901	493,901
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	524,684	-	524,684	524,684
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 220,566</u>	<hr/> <u>\$ 42,743</u>	<hr/> <u>\$ 263,309</u>	<hr/> <u>\$ 263,309</u>
Additional Project Information:				
Project Number	3160-140-14-1035			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 447,150			
Bonds Issued	447,150			
Original Authorized Cost	745,250			
Additional Authorized Cost	-			
Revised Authorized Cost	745,250			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	66.58%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - NEW MONMOUTH ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 474,720	\$ -	\$ 474,720	\$ 474,720
Bond Proceeds and Transfers	712,080	96,000	808,080	808,080
Cancellation of Prior Year Liabilities	-	336	336	336
	<u>1,186,800</u>	<u>96,336</u>	<u>1,283,136</u>	<u>1,283,136</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	48,766	-	48,766	48,766
Construction services	890,833	341,645	1,232,478	1,232,478
	<u>939,599</u>	<u>341,645</u>	<u>1,281,244</u>	<u>1,281,244</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 247,201</u>	<u>\$ (245,309)</u>	<u>\$ 1,892</u>	<u>\$ 1,892</u>
Additional Project Information:				
Project Number	3160-143-14-1037			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 712,080			
Bonds Issued	712,080			
Original Authorized Cost	1,186,800			
Additional Authorized Cost	-			
Revised Authorized Cost	1,186,800			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	99.85%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - NUT SWAMP ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 296,032	\$ -	\$ 296,032	\$ 296,032
Bond Proceeds and Transfers	444,048	-	444,048	444,048
Cancellation of Prior Year Liabilities	-	4,164	4,164	4,164
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	740,080	4,164	744,244	744,244
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	30,597	-	30,597	30,597
Construction services	497,352	6,129	503,481	503,481
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	527,949	6,129	534,078	534,078
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 212,131</u>	<hr/> <u>\$ (1,965)</u>	<hr/> <u>\$ 210,166</u>	<hr/> <u>\$ 210,166</u>
Additional Project Information:				
Project Number	3160-145-14-1038			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 444,048			
Bonds Issued	444,048			
Original Authorized Cost	740,080			
Additional Authorized Cost	-			
Revised Authorized Cost	740,080			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	71.76%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - OCEAN AVENUE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 243,384	\$ -	\$ 243,384	\$ 243,384
Bond Proceeds and Transfers	365,076	-	365,076	365,076
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	608,460	-	608,460	608,460
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	24,033	-	24,033	24,033
Construction services	412,290	-	412,290	412,290
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	436,323	-	436,323	436,323
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 172,137</u>	<u>\$ -</u>	<u>\$ 172,137</u>	<u>\$ 172,137</u>
Additional Project Information:				
Project Number	3160-080-14-1030			
	3160-160-14-1039			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 365,076			
Bonds Issued	365,076			
Original Authorized Cost	608,460			
Additional Authorized Cost	-			
Revised Authorized Cost	608,460			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	8/31/2015			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT - RIVER PLAZA ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 242,460	\$ -	\$ 242,460	\$ 242,460
Bond Proceeds and Transfers	363,690	-	363,690	363,690
Cancellation of Prior Year Liabilities	-	5,175	5,175	5,175
	<u>606,150</u>	<u>5,175</u>	<u>611,325</u>	<u>611,325</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	25,080	-	25,080	25,080
Construction services	404,521	69,669	474,190	474,190
	<u>429,601</u>	<u>69,669</u>	<u>499,270</u>	<u>499,270</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 176,549</u>	<u>\$ (64,494)</u>	<u>\$ 112,055</u>	<u>\$ 112,055</u>
Additional Project Information:				
Project Number	3160-160-14-1039			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 363,690			
Bonds Issued	363,690			
Original Authorized Cost	606,150			
Additional Authorized Cost	-			
Revised Authorized Cost	606,150			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	81.67%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2014			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - HIGH SCHOOL NORTH
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 61,566	\$ -	\$ 61,566	\$ 61,566
Cancellation of Prior Year Liabilities	-	5,742	5,742	5,742
Transfer from Capital Reserve	68,872	-	68,872	68,872
	<u>130,438</u>	<u>5,742</u>	<u>136,180</u>	<u>136,180</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Construction services	114,786	-	114,786	114,786
	<u>114,786</u>	<u>-</u>	<u>114,786</u>	<u>114,786</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 15,652</u>	<u>\$ 5,742</u>	<u>\$ 21,394</u>	<u>\$ 21,394</u>
Additional Project Information:				
Project Number	3160-050-14-1001			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 153,916			
Additional Authorized Cost	-			
Revised Authorized Cost	153,916			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - HIGH SCHOOL SOUTH
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 52,965	\$ -	\$ 52,965	\$ 52,965
Cancellation of Prior Year Liabilities	-	4,938	4,938	4,938
Transfer from Capital Reserve	59,249	-	59,249	59,249
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	112,214	4,938	117,152	117,152
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	98,749	-	98,749	98,749
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	98,749	-	98,749	98,749
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 13,465</u>	<u>\$ 4,938</u>	<u>\$ 18,403</u>	<u>\$ 18,403</u>
Additional Project Information:				
Project Number	3160-053-14-1002			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 132,412			
Additional Authorized Cost	-			
Revised Authorized Cost	132,412			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - BAYSHORE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 42,656	\$ -	\$ 42,656	\$ 42,656
Cancellation of Prior Year Liabilities	-	3,977	3,977	3,977
Transfer from Capital Reserve	47,717	-	47,717	47,717
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	90,373	3,977	94,350	94,350
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	79,528	-	79,528	79,528
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	79,528	-	79,528	79,528
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 10,845</u>	<u>\$ 3,977</u>	<u>\$ 14,822</u>	<u>\$ 14,822</u>
Additional Project Information:				
Project Number	3160-055-14-1003			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 106,639			
Additional Authorized Cost	-			
Revised Authorized Cost	106,639			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - THOMPSON MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 23,182	\$ -	\$ 23,182	\$ 23,182
Cancellation of Prior Year Liabilities	-	2,160	2,160	2,160
Transfer from Capital Reserve	25,933	-	25,933	25,933
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	49,115	2,160	51,275	51,275
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	43,222	-	43,222	43,222
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	43,222	-	43,222	43,222
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 5,893</u>	<u>\$ 2,160</u>	<u>\$ 8,053</u>	<u>\$ 8,053</u>
Additional Project Information:				
Project Number	3160-057-14-1004			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 57,956			
Additional Authorized Cost	-			
Revised Authorized Cost	57,956			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - THORNE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 22,983	\$ -	\$ 22,983	\$ 22,983
Cancellation of Prior Year Liabilities	-	2,143	2,143	2,143
Transfer from Capital Reserve	25,710	-	25,710	25,710
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	48,693	2,143	50,836	50,836
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	42,850	-	42,850	42,850
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	42,850	-	42,850	42,850
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 5,843</u>	<u>\$ 2,143</u>	<u>\$ 7,986</u>	<u>\$ 7,986</u>
Additional Project Information:				
Project Number	3160-059-14-1005			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 57,458			
Additional Authorized Cost	-			
Revised Authorized Cost	57,458			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - BAYVIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 13,335	\$ -	\$ 13,335	\$ 13,335
Cancellation of Prior Year Liabilities	-	1,243	1,243	1,243
Transfer from Capital Reserve	14,918	-	14,918	14,918
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	28,253	1,243	29,496	29,496
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	24,862	-	24,862	24,862
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	24,862	-	24,862	24,862
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 3,391</u>	<u>\$ 1,243</u>	<u>\$ 4,634</u>	<u>\$ 4,634</u>
Additional Project Information:				
Project Number	3160-060-14-1006			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 33,338			
Additional Authorized Cost	-			
Revised Authorized Cost	33,338			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - FAIRVIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 9,988	\$ -	\$ 9,988	\$ 9,988
Cancellation of Prior Year Liabilities	-	932	932	932
Transfer from Capital Reserve	11,174	-	11,174	11,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	21,162	932	22,094	22,094
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	18,623	-	18,623	18,623
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	18,623	-	18,623	18,623
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,539</u>	<u>\$ 932</u>	<u>\$ 3,471</u>	<u>\$ 3,471</u>
Additional Project Information:				
Project Number	3160-090-14-1008			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 24,971			
Additional Authorized Cost	-			
Revised Authorized Cost	24,971			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - HARMONY ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 13,534	\$ -	\$ 13,534	\$ 13,534
Cancellation of Prior Year Liabilities	-	1,261	1,261	1,261
Transfer from Capital Reserve	15,139	-	15,139	15,139
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	28,673	1,261	29,934	29,934
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	25,232	-	25,232	25,232
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	25,232	-	25,232	25,232
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 3,441</u>	<u>\$ 1,261</u>	<u>\$ 4,702</u>	<u>\$ 4,702</u>
Additional Project Information:				
Project Number	3160-095-14-1009			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 33,834			
Additional Authorized Cost	-			
Revised Authorized Cost	33,834			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - LEONARDO ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 9,790	\$ -	\$ 9,790	\$ 9,790
Cancellation of Prior Year Liabilities	-	913	913	913
Transfer from Capital Reserve	10,951	-	10,951	10,951
	<u>20,741</u>	<u>913</u>	<u>21,654</u>	<u>21,654</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Construction services	18,252	-	18,252	18,252
	<u>18,252</u>	<u>-</u>	<u>18,252</u>	<u>18,252</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,489</u>	<u>\$ 913</u>	<u>\$ 3,402</u>	<u>\$ 3,402</u>
Additional Project Information:				
Project Number	3160-110-14-1010			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 24,474			
Additional Authorized Cost	-			
Revised Authorized Cost	24,474			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - LINCROFT ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 10,187	\$ -	\$ 10,187	\$ 10,187
Cancellation of Prior Year Liabilities	-	950	950	950
Transfer from Capital Reserve	11,396	-	11,396	11,396
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	21,583	950	22,533	22,533
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	18,993	-	18,993	18,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	18,993	-	18,993	18,993
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,590</u>	<u>\$ 950</u>	<u>\$ 3,540</u>	<u>\$ 3,540</u>
Additional Project Information:				
Project Number	3160-120-14-1011			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 25,468			
Additional Authorized Cost	-			
Revised Authorized Cost	25,468			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - MIDDLETOWN VILLAGE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 10,382	\$ -	\$ 10,382	\$ 10,382
Cancellation of Prior Year Liabilities	-	968	968	968
Transfer from Capital Reserve	11,613	-	11,613	11,613
	<u>21,995</u>	<u>968</u>	<u>22,963</u>	<u>22,963</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Construction services	19,356	-	19,356	19,356
	<u>19,356</u>	<u>-</u>	<u>19,356</u>	<u>19,356</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,639</u>	<u>\$ 968</u>	<u>\$ 3,607</u>	<u>\$ 3,607</u>
Additional Project Information:				
Project Number	3160-130-14-1012			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 25,954			
Additional Authorized Cost	-			
Revised Authorized Cost	25,954			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - NAVESINK ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 8,796	\$ -	\$ 8,796	\$ 8,796
Cancellation of Prior Year Liabilities	-	820	820	820
Transfer from Capital Reserve	9,839	-	9,839	9,839
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	18,635	820	19,455	19,455
Expenditures and Other Financing Uses:				
Construction services	16,399	-	16,399	16,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	16,399	-	16,399	16,399
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 2,236</u>	<hr/> <u>\$ 820</u>	<hr/> <u>\$ 3,056</u>	<hr/> <u>\$ 3,056</u>
Additional Project Information:				
Project Number	3160-140-14-1013			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 21,989			
Additional Authorized Cost	-			
Revised Authorized Cost	21,989			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - NEW MONMOUTH ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 15,521	\$ -	\$ 15,521	\$ 15,521
Cancellation of Prior Year Liabilities	-	1,447	1,447	1,447
Transfer from Capital Reserve	17,362	-	17,362	17,362
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	32,883	1,447	34,330	34,330
Expenditures and Other Financing Uses:				
Construction services	28,937	-	28,937	28,937
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	28,937	-	28,937	28,937
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 3,946</u>	<hr/> <u>\$ 1,447</u>	<hr/> <u>\$ 5,393</u>	<hr/> <u>\$ 5,393</u>
Additional Project Information:				
Project Number	3160-143-14-1014			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 38,802			
Additional Authorized Cost	-			
Revised Authorized Cost	38,802			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - NUT SWAMP ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 12,938	\$ -	\$ 12,938	\$ 12,938
Cancellation of Prior Year Liabilities	-	1,206	1,206	1,206
Transfer from Capital Reserve	14,473	-	14,473	14,473
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	27,411	1,206	28,617	28,617
Expenditures and Other Financing Uses:				
Construction services	24,122	-	24,122	24,122
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	24,122	-	24,122	24,122
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 3,289</u>	<u>\$ 1,206</u>	<u>\$ 4,495</u>	<u>\$ 4,495</u>
Additional Project Information:				
Project Number	3160-145-14-1015			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 32,345			
Additional Authorized Cost	-			
Revised Authorized Cost	32,345			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - OCEAN AVENUE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 9,988	\$ -	\$ 9,988	\$ 9,988
Cancellation of Prior Year Liabilities	-	932	932	932
Transfer from Capital Reserve	11,174	-	11,174	11,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	21,162	932	22,094	22,094
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	18,623	-	18,623	18,623
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	18,623	-	18,623	18,623
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,539</u>	<u>\$ 932</u>	<u>\$ 3,471</u>	<u>\$ 3,471</u>
Additional Project Information:				
Project Number	3160-080-14-1007			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 24,971			
Additional Authorized Cost	-			
Revised Authorized Cost	24,971			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - PORT MONMOUTH ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 8,597	\$ -	\$ 8,597	\$ 8,597
Cancellation of Prior Year Liabilities	-	802	802	802
Transfer from Capital Reserve	9,617	-	9,617	9,617
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	18,214	802	19,016	19,016
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	16,028	-	16,028	16,028
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	16,028	-	16,028	16,028
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,186</u>	<u>\$ 802</u>	<u>\$ 2,988</u>	<u>\$ 2,988</u>
Additional Project Information:				
Project Number	3160-150-14-1016			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 21,492			
Additional Authorized Cost	-			
Revised Authorized Cost	21,492			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
REPLACEMENT OF TELEPHONE SYSTEM - RIVER PLAZA ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 9,591	\$ -	\$ 9,591	\$ 9,591
Cancellation of Prior Year Liabilities	-	894	894	894
Transfer from Capital Reserve	10,729	-	10,729	10,729
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	20,320	894	21,214	21,214
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses:				
Construction services	17,882	-	17,882	17,882
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	17,882	-	17,882	17,882
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,438</u>	<u>\$ 894</u>	<u>\$ 3,332</u>	<u>\$ 3,332</u>
Additional Project Information:				
Project Number	3160-160-14-1017			
Grant Date	5/27/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 23,978			
Additional Authorized Cost	-			
Revised Authorized Cost	23,978			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	84%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
UPGRADES TO GEOTHERMAL SYSTEM - HIGH SCHOOL NORTH
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 1,349,890	\$ -	\$ 1,349,890	\$ 1,349,890
Bond Proceeds and Transfers	2,024,835	-	2,024,835	2,024,835
Cancellation of Prior Year Liabilities	-	5,169	5,169	5,169
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	3,374,725	5,169	3,379,894	3,379,894
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	242,549	8,572	251,121	251,121
Construction services	2,955,000	-	2,955,000	2,955,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	3,197,549	8,572	3,206,121	3,206,121
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 177,176</u>	<hr/> <u>\$ (3,403)</u>	<hr/> <u>\$ 173,773</u>	<hr/> <u>\$ 173,773</u>
Additional Project Information:				
Project Number	3160-050-14-1018			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 2,024,835			
Bonds Issued	2,024,835			
Original Authorized Cost	3,374,725			
Additional Authorized Cost	-			
Revised Authorized Cost	3,374,725			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	94.86%			
Original Target Completion Date	8/31/2015			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
UPGRADES TO GEOTHERMAL SYSTEM - HIGH SCHOOL SOUTH
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 1,655,918	\$ -	\$ 1,655,918	\$ 1,655,918
Bond Proceeds and Transfers	2,583,877	-	2,583,877	2,583,877
Cancellation of Prior Year Liabilities	-	7,518	7,518	7,518
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	4,239,795	7,518	4,247,313	4,247,313
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	285,332	-	285,332	285,332
Construction services	3,824,000	-	3,824,000	3,824,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	4,109,332	-	4,109,332	4,109,332
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 130,463</u>	<hr/> <u>\$ 7,518</u>	<hr/> <u>\$ 137,981</u>	<hr/> <u>\$ 137,981</u>
Additional Project Information:				
Project Number	3160-053-14-1021			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 2,483,877			
Bonds Issued	2,483,877			
Original Authorized Cost	4,139,795			
Additional Authorized Cost	100,000			
Revised Authorized Cost	4,239,795			
Percentage Increase over Original Authorized Cost	2.42%			
Percentage Completion	96.75%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
UPGRADES TO GEOTHERMAL SYSTEM - BAYSHORE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 855,308	\$ -	\$ 855,308	\$ 855,308
Bond Proceeds and Transfers	1,782,962	-	1,782,962	1,782,962
Cancellation of Prior Year Liabilities	-	1,110	1,110	1,110
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	2,638,270	1,110	2,639,380	2,639,380
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	159,965	-	159,965	159,965
Construction services	2,431,000	-	2,431,000	2,431,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	2,590,965	-	2,590,965	2,590,965
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 47,305</u>	<hr/> <u>\$ 1,110</u>	<hr/> <u>\$ 48,415</u>	<hr/> <u>\$ 48,415</u>
Additional Project Information:				
Project Number	3160-055-14-1023			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 1,282,962			
Bonds Issued	1,282,962			
Original Authorized Cost	2,138,270			
Additional Authorized Cost	500,000			
Revised Authorized Cost	2,638,270			
Percentage Increase over Original Authorized Cost	23.38%			
Percentage Completion	98.17%			
Original Target Completion Date	8/31/2014			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
UPGRADES TO GEOTHERMAL SYSTEM - THOMPSON MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 942,461	\$ -	\$ 942,461	\$ 942,461
Bond Proceeds and Transfers	1,413,691	-	1,413,691	1,413,691
Cancellation of Prior Year Liabilities	-	34,656	34,656	34,656
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	2,356,152	34,656	2,390,808	2,390,808
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	170,574	1,142	171,716	171,716
Construction services	2,038,000	-	2,038,000	2,038,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	2,208,574	1,142	2,209,716	2,209,716
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 147,578</u>	<hr/> <u>\$ 33,514</u>	<hr/> <u>\$ 181,092</u>	<hr/> <u>\$ 181,092</u>
Additional Project Information:				
Project Number	3160-057-14-1024			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 1,413,691			
Bonds Issued	1,413,691			
Original Authorized Cost	2,356,152			
Additional Authorized Cost	-			
Revised Authorized Cost	2,356,152			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	92.43%			
Original Target Completion Date	8/31/2015			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
UPGRADES TO GEOTHERMAL SYSTEM - THORNE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 942,461	\$ -	\$ 942,461	\$ 942,461
Bond Proceeds and Transfers	1,413,691	-	1,413,691	1,413,691
Cancellation of Prior Year Liabilities	-	109,827	109,827	109,827
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	2,356,152	109,827	2,465,979	2,465,979
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	170,574	1,142	171,716	171,716
Construction services	2,038,000	-	2,038,000	2,038,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	2,208,574	1,142	2,209,716	2,209,716
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<hr/> <u>\$ 147,578</u>	<hr/> <u>\$ 108,685</u>	<hr/> <u>\$ 256,263</u>	<hr/> <u>\$ 256,263</u>
Additional Project Information:				
Project Number	3160-059-14-1026			
Grant Date	5/27/2014			
Bond Authorization Date	5/29/2014			
Bonds Authorized	\$ 1,413,691			
Bonds Issued	1,413,691			
Original Authorized Cost	2,356,152			
Additional Authorized Cost	-			
Revised Authorized Cost	2,356,152			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	89.61%			
Original Target Completion Date	8/31/2015			
Revised Target Completion Date	N/A			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
BOILER REPLACEMENT PROJECT - NEW MONMOUTH ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 244,880	\$ -	\$ 244,880	\$ 244,880
Transfer from Capital Reserve	216,188	-	216,188	216,188
Total Revenues and Other Financing Sources	461,068	-	461,068	461,068
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	67,330	-	67,330	67,330
Construction services	292,984	-	292,984	292,984
Total Expenditures and Other Financing Uses	360,314	-	360,314	360,314
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 100,754	\$ -	\$ 100,754	\$ 100,754
Additional Project Information:				
Project Number	3160-143-14-1036			
Grant Date	05/27/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 612,200			
Additional Authorized Cost	-			
Revised Authorized Cost	612,200			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	78.15%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
BOILER REPLACEMENT PROJECT - OCEAN AVENUE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 221,860	\$ -	\$ 221,860	\$ 221,860
Transfer from Capital Reserve	178,737	-	178,737	178,737
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	400,597	-	400,597	400,597
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	34,079	-	34,079	34,079
Construction services	263,816	-	263,816	263,816
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	297,895	-	297,895	297,895
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 102,702</u>	<u>\$ -</u>	<u>\$ 102,702</u>	<u>\$ 102,702</u>
Additional Project Information:				
Project Number	3160-080-14-1029			
Grant Date	05/27/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 554,650			
Additional Authorized Cost	-			
Revised Authorized Cost	554,650			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	74.36%			
Original Target Completion Date	N/A			
Revised Target Completion Date	8/31/2015			

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H. Fiduciary Fund

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	TRUST		AGENCY			2016
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP FUND	PAYROLL FUND	STUDENT ACTIVITY FUND	ATHLETIC FUND	
Cash & Cash Equivalents	\$ 450,469	\$ 714,413	\$ 966,634	\$ 491,966	\$ 12,683	\$ 2,636,165
Total Assets	450,469	714,413	966,634	491,966	12,683	2,636,165
LIABILITIES						
Accounts Payable	20,677	-	-	-	-	20,677
Payable for Student Related Activities	-	-	-	491,966	12,683	504,649
Payroll Deductions & Withholdings	-	-	965,822	-	-	965,822
Interfund Payable	-	-	812	-	-	812
Total Liabilities	20,677	-	966,634	491,966	12,683	1,491,960
Held in Trust for Unemployment Claims & Other Purposes	429,792	-	-	-	-	429,792
Reserved for Scholarships	-	714,413	-	-	-	714,413
Total Net Position	\$ 429,792	\$ 714,413	\$ -	\$ -	\$ -	\$ 1,144,205

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE		2016
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	
Contributions:			
Other	\$ 141,863	\$ 153,320	\$ 295,183
Total Contributions	141,863	153,320	295,183
Investment Earnings:			
Interest	-	2,527	2,527
Net Investment Earnings	-	2,527	2,527
Total Additions	141,863	155,847	297,710
DEDUCTIONS			
Unemployment Claims	172,986	-	172,986
Scholarship Payments	-	44,500	44,500
Total Deductions	172,986	44,500	217,486
Change in Net Position	(31,123)	111,347	80,224
Net Position - Beginning of the Year	460,915	603,066	1,063,981
Net Position - End of the Year	\$ 429,792	\$ 714,413	\$ 1,144,205

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	JUNE 30, 2016
Elementary Schools:				
Bayview	\$ 1,695	\$ 5,592	\$ 5,842	\$ 1,445
Fairview	1,556	7,771	7,591	1,736
Harmony	3,745	18,290	16,310	5,725
Leonardo	2,212	4,784	4,295	2,701
Lincroft	722	8,368	8,422	668
Middletown Village	3,302	7,944	7,377	3,869
Navesink	3,492	18,569	20,459	1,602
New Monmouth	6,987	10,023	12,523	4,487
Nutswamp	30,797	32,397	25,022	38,172
Ocean Avenue	2,445	10,298	8,044	4,699
Port Monmouth	540	2,475	2,733	282
River Plaza	4,135	10,748	10,589	4,294
Total Elementary Schools	61,628	137,259	129,207	69,680
Middle Schools				
Bayshore	20,627	78,978	77,496	22,109
Thompson	44,984	121,680	121,557	45,107
Thorne	18,962	92,808	96,735	15,035
Total Middle Schools	84,573	293,466	295,788	82,251
High Schools:				
North	214,039	338,857	347,729	205,167
South	100,349	395,696	361,177	134,868
Total High Schools	314,388	734,553	708,906	340,035
Total All Schools	\$ 460,589	\$ 1,165,278	\$ 1,133,901	\$ 491,966

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BALANCE JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
ASSETS				
Cash & Cash Equivalents	\$ 788,775	\$ 104,922,041	\$ 104,744,182	\$ 966,634
Interfund Receivable	2,744	2,744	-	-
Total Assets	\$ 791,519	\$ 104,924,785	\$ 104,744,182	\$ 966,634
LIABILITIES				
Payroll Deductions & Withholdings	\$ 791,519	\$ 104,918,485	\$ 104,744,182	\$ 965,822
Interfunds Payable	-	812	-	812
Total Liabilities	\$ 791,519	\$ 104,919,297	\$ 104,744,182	\$ 966,634

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ATHLETIC AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 2,660	\$ 339,415	\$ 329,392	\$ 12,683
Total Assets	<u>\$ 2,660</u>	<u>\$ 339,415</u>	<u>\$ 329,392</u>	<u>\$ 12,683</u>
 LIABILITIES				
Payable for Student Related Activities	\$ 2,660	\$ 339,415	\$ 329,392	\$ 12,683
Total Liabilities	<u>\$ 2,660</u>	<u>\$ 339,415</u>	<u>\$ 329,392</u>	<u>\$ 12,683</u>

I. Long-Term Debt

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2016
Buildings, Alterations & Renovations (Refunding Issue - 2010)	05/11/10	\$55,665,000	8/1/2016	2,725,000	5.000%	\$45,405,000	\$ -	\$2,610,000	\$42,795,000
			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				390,000	-	390,000	-
Buildings, Alterations & Renovations (Refunding Issue - 2013)	01/30/13	7,670,000	8/01/16	450,000	3.000%	7,585,000	-	40,000	7,545,000
			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%					
Buildings, Alterations & Renovations	05/29/14	19,379,000	8/01/16	1,125,000	2.000%	\$19,379,000	-	799,000	18,580,000
			8/01/17	1,140,000	2.000%				
			8/01/18	1,160,000	2.000%				
			8/01/19	1,185,000	2.000%				
			8/01/20	1,215,000	2.000%				
			8/01/21	1,245,000	2.000%				
			8/01/22	1,280,000	2.000%				
			8/01/23	1,320,000	2.250%				
			8/01/24	1,365,000	2.250%				
			8/01/25	1,410,000	3.000%				
			8/01/26	1,460,000	3.000%				
			8/01/27	1,515,000	3.000%				
			8/01/28	1,575,000	3.000%				
			8/01/29	1,585,000	3.000%				
Total									
						\$72,759,000	\$ -	\$3,839,000	\$68,920,000

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2016
Bank of America Elementary HVAC	3.99%	\$8,400,000	\$1,870,000	\$ -	\$915,000	\$955,000
Savin Copiers	3.45%	942,752	766,961	-	181,951	585,010
Technology Lease	1.89%	620,000	131,006	-	131,006	-
Technology Lease	1.19%	710,000	295,000	-	145,000	150,000
Technology Lease	1.147%	1,350,000	829,000	-	268,000	561,000
Technology Lease	1.410%	1,500,000	1,200,000	-	291,000	909,000
Technology Lease	1.560%	820,000	-	820,000	162,000	658,000
Fiber Optic Upgrade	2.28%	1,195,035	449,000	-	249,000	200,000
Total			<u>\$5,540,967</u>	<u>\$820,000</u>	<u>\$2,342,957</u>	<u>\$4,018,010</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 5,649,644	\$ -	\$ 5,649,644	\$ -
State Sources:				
Debt Service Aid Type II	1,412,935	-	1,412,935	-
Total Revenues	7,062,579	-	7,062,579	-
Expenditures:				
Regular Debt Service:				
Interest	3,223,579	-	3,223,579	-
Redemption of Principal	3,839,000	-	3,839,000	-
Total Regular Debt Service	7,062,579	-	7,062,579	-
Total Expenditures	7,062,579	-	7,062,579	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	-	-	-	-
Fund Balance, July 1,	8,642	-	8,642	-
Fund Balance, June 30,	8,642	-	8,642	-

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the presented for the past ten fiscal years.

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investment in capital assets	\$21,166,495	\$20,437,301	\$23,901,566	\$37,699,838	\$35,242,009	\$36,684,135	\$37,477,962	\$30,953,572	\$26,315,229	\$26,714,346
Restricted	10,716,131	9,983,246	26,609,926	12,763,853	14,329,415	8,920,219	5,472,204	6,437,559	6,267,290	7,232,146
Unrestricted	(\$43,375,177)	(42,201,258)	(237,189)	(501,515)	(1,963,302)	(2,728,178)	(3,068,215)	2,458,413	5,054,798	(1,153,361)
Total Governmental Activities										
Net Position	(\$11,492,551)	(\$11,780,711)	\$50,274,303	\$49,962,176	\$47,608,122	\$42,876,176	\$39,881,951	\$39,849,544	\$37,637,317	\$32,793,131
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$496,320	\$530,506	\$422,012	\$57,159	\$96,528	\$130,933	\$186,407	\$55,912	\$94,277	\$117,581
Unrestricted	\$79,792		(43,295,385)		14,826	68,484	30,382	46,706	71,169	108,951
Total Business-Type Activities										
Net Position	\$576,112	\$530,506	\$422,012	\$57,159	\$111,354	\$199,417	\$216,789	\$102,618	\$165,446	\$226,532
District-Wide:										
Net investment in capital assets	\$21,662,815	\$20,967,807	\$24,323,578	\$37,756,997	\$35,338,537	\$36,815,068	\$37,664,369	\$31,009,484	\$26,409,506	\$26,831,927
Restricted	10,716,131	9,983,246	26,609,926	12,763,853	14,329,415	8,920,219	5,472,204	6,437,559	6,267,290	7,232,146
Unrestricted	(43,295,385)	(42,201,258)	(237,189)	(501,515)	(1,948,476)	(2,659,694)	(3,037,833)	2,505,119	5,125,967	(1,044,410)
Total District Net Position	(\$10,916,439)	(\$11,250,205)	\$50,696,315	\$50,019,335	\$47,719,476	\$43,075,593	\$40,098,740	\$39,952,162	\$37,802,763	\$33,019,663

Source : CAFR Schedule A-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 57,731,723	\$ 88,135,821	\$ 76,477,300	\$ 76,994,308	\$ 50,982,770	\$ 50,650,154	\$ 55,004,182	\$ 51,696,029	\$ 49,535,561	\$ 46,265,089
Special Education	15,904,464	23,992,602	20,138,172	19,611,534	14,179,046	14,636,606	14,100,471	14,978,785	13,959,547	13,427,985
Other Special Education	-	-	-	-	-	148,770	205,748	205,853	1,391,443	1,102,205
Other Instruction	2,141,302	2,848,696	2,346,528	2,278,530	1,564,961	1,747,408	2,354,807	1,887,986	2,083,033	1,811,801
Support Services:										
Tuition	6,097,142	5,890,712	5,807,659	4,494,803	4,416,101	3,567,540	2,720,210	3,608,930	4,131,985	3,723,053
Attendance & Social Work Services	200,015	32,087	66,383	71,022	45,305	45,093	44,917	43,990	42,744	40,128
Health Services	2,578,284	3,447,238	3,329,827	3,096,074	2,335,154	2,109,521	2,137,857	2,051,480	1,825,537	1,857,619
Student & Instruction Related Services	12,537,797	16,781,233	14,453,445	14,875,142	11,017,091	10,554,067	11,247,959	10,844,232	10,659,731	9,662,581
Educational Media Services/School Library	484,439	683,348	502,571	479,579	367,428	372,482	545,493	629,293	578,921	602,782
Instructional Staff Training	361,975	661,419	777,654	561,870	413,988	167,153	379,620	524,221	376,913	494,793
Other Administrative Services	2,047,846	3,125,984	2,850,864	2,821,903	1,559,656	1,566,517	1,570,465	1,792,100	1,767,363	1,836,249
Central Services	1,472,607	2,234,863	1,909,690	1,970,562	1,448,439	1,518,040	1,577,706	1,539,224	1,595,736	1,238,053
Administration Information Technology Services	1,355,156	1,491,562	1,117,188	1,146,578	821,539	772,975	819,694	787,982	789,215	728,494
School Administrative Services	5,586,092	9,383,428	8,148,695	8,328,836	6,090,739	5,960,494	6,819,282	6,444,702	6,174,931	5,800,536
Plant Operations & Maintenance	16,787,638	21,768,103	20,594,609	17,644,897	12,104,765	12,237,023	13,743,032	13,029,719	13,120,492	12,364,925
Pupil Transportation	10,761,129	9,990,561	10,042,967	9,477,122	9,330,590	9,303,552	9,526,916	9,760,696	9,232,429	8,873,932
Business & Other Support Services										
Unallocated Benefits	64,951,941	-	-	-	36,617,894	33,570,743	32,096,838	29,930,094	35,276,650	33,683,621
Interest on Long-Term Debt & Other Bond Costs	2,654,719	2,679,964	2,726,746	3,117,269	2,793,035	2,736,767	2,597,887	3,723,019	3,821,788	3,821,056
Adjustment/Reduction of Fixed Assets	-	-	-	-	1,237,424	(84,119)	1,118,749	97,701	220,100	616,522
Unallocated Depreciation	-	-	-	-	3,688,594	3,142,273	2,923,768	2,865,895	2,808,082	2,741,866
Amortization of Bond Issuance Costs	-	-	-	-	40,488	40,488	6,748	23,377	-	-

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Governmental Activities										
Expenses	203,654,269	193,147,621	171,290,298	166,970,029	161,055,007	154,763,547	161,541,349	156,465,308	159,415,578	150,693,290
Business-Type Activities:										
Food Service	2,513,939	2,530,782	2,322,914	2,316,118	2,467,618	2,413,356	2,398,096	2,503,332	2,476,198	2,350,797
Total Business-Type Activities	2,513,939	2,530,782	2,322,914	2,316,118	2,467,618	2,413,356	2,398,096	2,503,332	2,476,198	2,350,797
Total District Expenses	\$ 206,168,208	\$ 195,678,403	\$ 173,613,212	\$ 169,286,147	\$ 163,522,625	\$ 157,176,903	\$ 163,939,445	\$ 159,968,640	\$ 161,891,776	\$ 153,044,087
Program Revenues:										
Charges for Services	-	-	-	101,100	-	-	-	-	-	-
Capital Grants & Contributions	-	-	3,218,099	-	-	-	-	-	-	-
Operating Grants & Contributions	46,609,372	37,764,528	5,752,832	6,627,722	6,307,771	7,286,223	8,030,281	6,893,070	6,458,421	5,831,626
Total Governmental Activities	46,609,372	37,764,528	8,970,931	6,728,822	6,307,771	7,286,223	8,030,281	6,893,070	6,458,421	5,831,626
Business-Type Activities:										
Charges for Services:										
Food Service	1,876,792	1,836,651	1,638,063	1,544,900	1,695,023	1,725,994	1,793,480	1,901,977	1,906,138	1,855,232
Operating Grants & Contributions	682,802	607,731	539,246	596,849	684,378	669,797	718,351	536,654	502,229	468,135
Total Business Type Activities	2,559,594	2,444,382	2,177,309	2,141,749	2,379,401	2,395,791	2,511,831	2,438,631	2,408,367	2,323,367
Total District Program Revenues	\$ 49,168,966	\$ 40,208,910	\$ 11,148,240	\$ 8,870,571	\$ 8,687,172	\$ 9,682,014	\$ 10,542,112	\$ 9,331,701	\$ 8,866,788	\$ 8,154,993
Net (Expense)/Revenue:										
Governmental Activities	(157,044,897)	(155,383,093)	(162,319,367)	(160,241,207)	(154,747,236)	(147,477,324)	(153,511,068)	(149,572,238)	(152,957,157)	(144,861,664)
Business-Type Activities	45,655	(86,400)	(145,605)	(174,369)	(88,217)	(17,565)	113,735	(64,701)	(67,831)	(27,430)
Total District-Wide Net Expense	\$ (156,999,242)	\$ (155,469,493)	\$ (162,464,972)	\$ (160,415,576)	\$ (154,835,453)	\$ (147,494,889)	\$ (153,397,333)	\$ (149,636,939)	\$ (153,024,988)	\$ (144,889,094)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30.										
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 131,354,986	\$ 128,779,398	\$ 126,254,312	\$ 125,004,269	\$ 123,791,116	\$ 122,253,218	\$ 119,793,275	\$ 115,646,345	\$ 111,352,142	\$ 107,070,009
Taxes Levied for Debt Service	5,649,644	4,080,945	3,677,710	4,104,906	4,224,494	3,976,245	4,158,093	4,122,931	4,135,323	4,061,960
Unrestricted Grants & Contributions	19,353,200	19,073,690	32,422,995	33,610,352	30,053,437	25,346,126	28,371,241	30,059,527	36,152,801	35,042,835
Tuition Received	232,050	400,795	148,950	-	97,300	88,600	78,950	68,138	48,293	25,536
Miscellaneous Income	237,259	296,972	452,912	606,608	1,973,568	1,564,780	1,085,323	1,921,910	2,943,736	2,454,496
Change in Compensated Absences	-	-	-	-	-	(107,162)	56,593	(34,386)	224,756	(212,140)
Transfers In/Out	-	(212,238)	(300,277)	(120,174)	-	-	-	-	-	-
Cancellation of Prior Year Accounts Payable	505,918	-	-	-	-	-	-	-	-	-
Changes in IBNR/Miscellaneous	-	-	(25,108)	-	(1,363)	-	-	-	-	-
Total Governmental Activities	157,333,057	152,419,562	162,631,494	163,205,961	160,138,552	153,121,807	153,543,475	151,784,465	154,857,051	148,442,696
Business-Type Activities:										
Transfers In/Out	-	212,238	300,277	120,174	-	-	-	-	-	-
Depreciation Adjustment	(49)	(17,344)	210,181	-	154	193	436	1,873	6,745	11,029
Total Business-Type Activities	(49)	194,894	510,458	120,174	154	193	436	1,873	6,745	11,029
Total District-Wide	\$ 157,333,008	\$ 152,614,456	\$ 163,141,952	\$ 163,326,135	\$ 160,138,706	\$ 153,122,000	\$ 153,543,911	\$ 151,786,338	\$ 154,863,796	\$ 148,453,725
Change in Net Position:										
Governmental Activities	\$ 288,160	\$ (2,963,531)	\$ 312,127	\$ 2,964,754	\$ 5,391,316	\$ 5,644,483	\$ 32,407	\$ 2,212,227	\$ 1,899,894	\$ 3,581,032
Business-Type Activities	45,606	108,494	364,853	(54,195)	(88,063)	(17,372)	114,171	(62,828)	(61,086)	(16,401)
Total District	\$ 333,766	\$ (2,855,037)	\$ 676,980	\$ 2,910,559	\$ 5,303,253	\$ 5,627,111	\$ 146,578	\$ 2,149,399	\$ 1,838,808	\$ 3,564,631

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted	\$ 4,727,390	\$ 5,247,123	\$ 6,471,176	\$ 12,755,211	\$ 14,592,472	\$ 9,583,263	\$ -	\$ -	\$ -	\$ -
Committed	1,200,642	59,114	55,152	68,609	116,960	229,292	-	-	-	-
Assigned	1,091,573	1,135,223	1,446,486	1,345,558	868,826	400,568	-	-	-	-
Unassigned	1,790,548	1,825,603	2,119,248	1,864,570	1,690,411	1,872,541	-	-	-	-
Reserved	-	-	-	-	-	-	6,089,233	7,671,475	7,666,881	8,677,412
Unreserved	-	-	-	-	-	-	1,355,835	1,863,111	2,245,253	2,061,838
Total General Fund	\$ 8,810,153	\$ 8,267,063	\$ 10,092,062	\$ 16,033,948	\$ 17,268,669	\$ 12,085,664	\$ 7,445,068	\$ 9,534,586	\$ 9,912,134	\$ 10,739,250
All Other Governmental Funds:										
Restricted										
Debt service fund	\$ 8,642	\$ 8,642	\$ 8,642	\$ 8,642	\$ 1	\$ 13	\$ -	\$ -	\$ -	\$ -
Capital Projects fund	4,778,782	4,727,481	20,130,108	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	44,174	42,504
Unreserved, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	205,073	267,031
Debt Service Fund	-	-	-	-	-	-	2,686	15,273	61,305	101,088
Total All Other Governmental Funds	\$ 4,787,424	\$ 4,736,123	\$ 20,138,750	\$ 8,642	\$ 1	\$ 13	\$ 2,686	\$ 15,273	\$ 310,552	\$ 410,623

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 17 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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Tax Levy	\$137,004,630	\$132,860,343	\$129,932,022	\$129,109,175	\$128,015,610	\$126,229,463	\$123,951,368	\$119,769,276	\$115,487,465	\$111,131,969
Tuition Charges	232,050	400,795	148,950	101,100	97,300	88,600	78,950	68,138	48,293	25,536
Miscellaneous	427,691	423,803	527,863	606,648	1,973,289	1,564,726	1,085,116	1,909,788	2,807,447	2,454,496
State Sources	40,069,224	36,749,385	37,997,634	36,072,842	31,538,558	27,867,772	31,175,887	32,919,176	39,108,448	37,843,623
Federal Sources	3,537,076	3,303,272	3,321,341	4,165,039	4,822,650	4,704,577	5,223,635	4,033,421	3,502,774	3,030,838
Total Revenue	181,270,671	173,737,598	171,927,810	166,447,407	160,515,138	161,516,956	158,699,799	160,954,427	154,486,462	144,056,733
Expenditures										
Instruction:										
Regular Instruction	57,568,220	57,621,320	56,949,667	55,785,779	50,982,770	50,650,154	55,004,182	51,696,029	49,535,561	46,265,089
Special Education Instruction	15,883,136	15,345,997	14,604,743	13,598,811	14,179,046	14,636,606	14,100,471	14,978,785	13,959,547	13,427,985
Other Special Instruction						148,770	205,748	205,853	1,391,443	1,102,205
Other Instruction	2,141,302	2,055,455	1,838,887	1,735,033	1,564,961	1,747,408	2,354,807	1,887,986	2,083,033	1,811,801
Support Services:										
Tuition	6,093,146	5,890,712	5,807,659	4,494,803	4,416,101	3,567,540	2,720,210	3,608,930	4,131,985	3,723,053
Attendance & Social Work Services	200,015	3,311	47,968	49,127	45,305	45,093	44,917	43,990	42,744	40,128
Health Services	2,578,284	2,443,908	2,687,737	2,336,287	2,335,154	2,109,521	2,137,857	2,051,480	1,825,537	1,857,619
Student & Instruction Related Services	12,537,797	11,885,334	11,320,271	11,296,878	11,017,091	10,554,067	11,247,959	10,844,232	10,659,731	9,662,581
Educational Media Services/										
School Library	484,439	484,011	375,004	347,073	367,428	372,482	545,493	629,293	578,921	602,782
Instructional Staff Training	361,975	353,965	580,897	409,396	413,988	167,153	379,620	524,221	376,913	494,793
Other Administrative Services	2,047,846	2,168,065	2,238,176	2,040,475	1,559,656	1,566,517	1,570,465	1,792,100	1,767,363	1,836,249
Central Services	1,472,607	1,519,925	1,452,159	1,461,756	1,448,439	1,518,040	1,577,706	1,539,224	1,595,736	1,238,053
Administration Information										
Technology Services	846,043	1,007,029	807,131	811,518	821,539	772,975	819,694	787,982	789,215	728,494
School Administrative Services	5,586,092	5,859,386	5,893,453	5,764,937	6,090,739	5,960,494	6,819,282	6,444,702	6,174,931	5,800,536
Plant Operations & Maintenance	12,117,609	12,400,034	12,168,418	11,600,767	12,104,765	12,271,559	13,742,032	13,029,719	13,120,492	12,364,925
Pupil Transportation	10,761,129	9,894,739	9,981,645	9,477,122	9,330,590	9,303,552	9,526,916	9,760,696	9,232,429	8,873,932
Unallocated Benefits	41,299,324	38,279,625	35,562,799	38,895,076	36,617,894	33,570,743	32,096,838	29,930,094	35,276,650	33,683,621
Capital outlay	2,956,659	20,503,667	10,372,975	6,251,968	3,580,654	1,599,585	5,141,907	6,422,318	9,664,353	3,525,895
Debt service:										
Principal	3,839,000	2,910,000	2,805,000	2,650,000	2,545,000	3,315,000	2,440,000	2,335,000	2,225,000	2,110,000
Interest & Other Charges	3,223,579	2,569,255	2,673,722	2,878,750	2,982,650	2,206,433	3,544,737	3,651,163	3,756,705	3,871,295
Total Expenditures	181,998,202	193,195,738	178,168,311	171,886,556	162,403,770	156,083,692	166,020,841	162,163,797	168,188,289	153,021,036

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(727,531)	(19,458,140)	(6,240,501)	4,043,637	(1,888,632)	5,433,264	(7,321,042)	(1,209,370)	(13,701,827)	(8,964,303)
Other Financing Sources/(Uses):										
Capital Leases (Non-budged)	820,000	2,442,752	1,350,000	710,000	1,139,356	206,477	2,401,780	2,791,171	6,306,675	-
Cancellation of Prior Year Accounts Payables	505,918	-	-	-	-	-	-	-	-	-
FEMA Reimbursement	-	394,925	19,379,000.00	15,846	-	-	-	2,674	12,599	48,712
Transfers in	-	(607,163)	(300,277)	(120,174)	-	-	(11)	(2,674)	(12,599)	(48,712)
Transfers Out	(3,996)	-	-	-	-	-	(11)	-	-	-
Total Other Financing Sources/(Uses)	1,321,922	2,230,514	20,428,723	1,139,356	206,477	2,401,780	2,791,171	6,306,675	-	(2,040,205)
Net Change in Fund Balances	\$594,391	(\$17,227,626)	\$14,188,222	\$5,182,993	\$4,250,114	\$6,833,226	(\$1,712,714)	\$2,842,677	(\$7,233,862)	(\$574,779)
Debt Service as a Percentage of Noncapital Expenditures	3.9%	2.9%	3.4%	3.5%	3.6%	3.7%	3.9%	4.0%	3.9%	4.2%

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	HEALTH INSURANCE CONTRIBUTIONS	SALE OF PLANS/ SPECS	MISCELLANEOUS	TOTAL
2016	\$ 16,030	-	- \$	27,630	\$ 61,350	-	-	132,249	\$ 237,259
2015	37,962	500.00	-	29,057	223,127	-	-	6,326	296,972
2014	15,990	23,378	-	29,902	87,752	-	-	295,890	452,912
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

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.

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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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
2016	\$ 88,507,800	\$ 9,036,002,156	\$ 134,496,600	\$ 677,500	\$ 1,018,274,900	\$ 2,681,700	\$ 101,993,700	\$ 10,382,634,356	\$ -	\$ 13,168,685	\$ 10,395,803,041	\$ 1.343	\$ 10,668,489,931
2015	66,485,100	8,867,273,420	132,735,800	693,200	1,090,553,800	2,681,700	101,994,900	10,262,417,920	-	12,823,003	9,838,132,733	1.333	10,262,417,920
2014	74,037,100	8,403,629,300	126,767,000	700,500	1,074,628,400	2,446,000	97,547,500	9,779,755,800	-	12,045,356	9,779,755,800	1.357	10,148,242,488
2013	75,921,300	8,408,698,900	126,988,500	697,400	1,090,669,400	2,446,000	99,390,700	9,858,027,300	-	13,874,518	9,871,901,818	1.323	10,412,940,561
2012	76,095,900	8,422,778,400	124,309,300	687,700	1,129,125,900	2,446,000	102,584,100	9,882,156,000	-	15,274,187	9,873,301,487	1.308	9,858,027,300
2011	74,469,600	8,410,857,000	119,842,300	754,300	1,170,814,200	2,777,700	102,640,900	11,367,310,900	-	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	11,408,508,500	-	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	4,981,310,838	-	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	4,941,599,038	-	5,964,127	4,987,274,965	2.402	12,512,393,547
2007	52,303,760	4,195,008,178	40,885,100	487,100	603,039,300	1,152,500	46,721,100	4,911,669,538	-	6,465,349	4,948,064,387	2.334	12,488,402,803

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

Reassessment occurs when ordered by the County Board of Taxation

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b. Tax rates are per \$100

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	
2016	1.289	0.054	1.343	0.512	0.261	0.015	2.131
2015	1.278	0.055	1.333	0.511	0.276	0.016	2.136
2014	1.315	0.042	1.357	0.530	0.286	0.016	2.189
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

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	2016		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	
At Middletown NJ Landlord LLC	\$160,000,000	1	1.539%
One River Associates (Mack-Cali Realty Corp.)	39,975,300	2	0.385%
Middletown VF, LLC (V.R. Trust)	33,410,300	3	0.321%
Centro NP Middletown Plaza Owner Hensyn, Inc.	33,393,600	4	0.321%
Thousand Oaks Village (Wachovia Security)	26,440,100	5	0.254%
Four Ponds (CB Richard Ellis, Inc.)	26,143,200	6	0.251%
Middletown Shopping Center	24,994,700	7	0.240%
Toil NJ III, LP	19,615,000	8	0.189%
Seritage SRC Finance LLC	19,219,500	9	0.185%
	17,173,400	10	0.165%
Total	\$400,365,100		3.851%

Taxpayer	2007		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	
Laurel Associates (AT&T)	\$142,529,300	1	2.881%
One River Associates (Newman Springs Road)	31,640,100	2	0.639%
Four Ponds (AT&T)	30,000,000	3	0.606%
Weill, Maurice M. Trustee (Lucent)	20,637,500	4	0.417%
Bell Atlantic, NJ	15,180,440	5	0.307%
Middletown Holding Corp.	15,039,600	6	0.304%
Alferi Schultz Assoc. LP	13,078,300	7	0.264%
Thousand Oaks Village	13,702,000	8	0.277%
Hensyn, Inc.	12,964,000	9	0.262%
New Paltz Realty Trust	12,340,000	10	0.249%
Total	\$307,111,240		6.207%

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	
2016	\$ 137,004,630	\$ 137,004,630	100.00%	-
2015	132,860,343	132,860,343	100.00%	-
2014	129,932,022	129,932,022	100.00%	-
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%	-

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.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issues additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**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				
2016	\$ 68,920,000	\$ 4,018,010	\$	72,938,010	N/A	1,105
2015	72,759,000	5,540,967		78,299,967	N/A	1,177
2014	75,669,000	5,216,008		80,885,008	N/A	978
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

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
2016	66,522	10,395,803,041	\$68,920,000	0.66%	1,036
2015	66,522	9,838,132,733	72,759,000	0.74%	1,094
2014	66,522	9,838,132,733	75,095,000	0.60%	888
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

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, 2016**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes: Township of Middletown	\$62,497,211	100.0%	\$62,497,211
Other Debt:			
County of Monmouth - Township's Share (%)	479,236,724	8.9831%	43,050,175
Township of Middletown Sewerage Authority	12,285,462	100.0%	12,285,462
Subtotal, Overlapping Debt Middletown Township School District Direct Debt			117,832,848 68,920,000
Total Direct & Overlapping Debt			<u>\$186,752,848</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$411,210,910	\$412,170,654	\$418,760,059	\$435,003,780	\$455,345,662	\$477,682,563	\$492,359,312	\$492,359,312	\$486,944,196	\$458,060,441
Total Net Debt Applicable to Limit	68,920,000	72,759,000	75,669,000	59,095,000	61,490,000	64,035,000	67,350,000	74,275,000	76,610,000	78,835,000
Legal Debt Margin	\$342,290,910	\$339,411,654	\$343,091,059	\$375,908,780	\$393,855,662	\$413,647,563	\$425,009,312	\$418,084,312	\$410,334,196	\$379,225,441
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.76%	17.65%	18.07%	13.58%	13.50%	13.41%	13.68%	15.09%	15.73%	17.21%

Legal Debt Margin Calculation for Fiscal Year 2015

Average Equalized Valuation of Taxable Property	\$10,340,959,558
Debt Limit (4 % of Average Equalization Value)	\$10,336,956,462
Net Bonded School Debt	10,162,902,258
Legal Debt Margin	\$30,840,818,278
	\$10,280,272,759
	\$411,210,910
	68,920,000
	\$342,290,910

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

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**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)
2016	66,018	N/A	N/A	5.7%
2015	66,522	N/A	N/A	6.5%
2014	66,522	N/A	N/A	5.5%
2013	66,522	N/A	N/A	8.9%
2012	66,522	N/A	N/A	9.1%
2011	* Census	N/A	N/A	8.3%
2010	66,603	N/A	N/A	8.2%
2009	66,591	\$3,779,372,205	\$56,755	4.1%
2008	66,402	3,706,958,052	55,826	3.1%
2007	66,796	3,506,723,204	52,499	3.4%

* 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.

EXHIBIT J-15

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

	2016		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
Middletown Township Board of Education	1,327	1	4.04%
Brookdale Community College	750	2	2.29%
Township of Middletown	516	3	1.57%
Shop Rite of Middletown	300	4	0.91%
Academy Bus	200	6	0.61%
Middletown Yellow Taxi Cab/My Limo Service	200	7	0.61%
Target	196	8	0.60%
Christian Brothers Academy	165	9	0.50%
Markel	160	10	0.49%
Total	4,014		12.23%
Total Employment - 2016 (Estimated)	32,822		

	2007		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
AT&T Laurel Avenue	4,132	1	12.14%
Middletown Township Board of Education	1,119	2	3.29%
AT&T Middletown Lineroft Rd.	914	3	2.69%
Brookdale Community College	658	4	1.93%
Township of Middletown	470	5	1.38%
Academy Bus Lines	405	6	1.19%
Marriott Senior Living Services, Inc.	325	7	0.96%
Sears Roebuck & Co.	320	8	0.94%
Courtyard Management Group	310	9	0.91%
T&M Associates	100	10	0.29%
Total	8,753		25.72%
Total Employment - 2007 (Estimated)	34,031		

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

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	601.88	623.49	627.76	594.90	587.70	581.70	613.76	617.64	597.18	593.87
Special Education	174.00	159.17	158.00	155.00	147.50	146.50	160.76	148.68	153.17	174.84
Other Special Instruction	-	-	-	-	3.80	5.05	10.82	15.59	19.73	13.30
Classroom Paraprofessionals	290.00	305.00	311.00	267.20	247.66	232.80	255.08	232.93	239.30	197.60
Support Services:										
Attendance Services	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Health Services	22.00	23.00	23.00	23.00	23.00	23.00	24.00	24.00	24.00	24.00
Student & Instruction Related Services	105.00	104.00	105.00	105.00	103.00	100.80	116.00	115.60	115.89	100.60
Educational Media Services/School Library	5.00	5.00	5.00	5.00	3.00	3.00	6.00	6.00	6.00	6.00
School Administrative Services	104.00	85.00	86.00	83.00	83.00	82.00	90.40	89.50	89.00	82.00
Central Services	27.00	19.00	18.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00
Administrative Information Technology Service	15.00	14.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Other Administrative Service	9.00	2.00	2.00	7.00	7.00	7.00	7.00	8.00	9.00	9.00
Plant Operations & Maintenance	341.00	156.00	153.00	146.10	143.40	143.70	171.00	168.90	163.40	142.00
Pupil Transportation	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50
Total	1,696.88	1,498.66	1,505.76	1,419.20	1,382.06	1,358.55	1,488.82	1,460.84	1,450.17	1,376.71

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
2016	9,647	159,273,974	16,510	14.46%	922	12.6	9,698	9,261	-3.80%	95.49%
2015	9,668	152,036,864	15,726	2.12%	905	12.6	9,727	9,303	-3.92%	95.64%
2014	9,678	149,037,626	15,400	6.77%	885	14.2	9,418	9,418	-4.81%	96.09%
2013	10,057	145,066,695	14,424	6.99%	867	14.2	10,081	9,450	-2.09%	93.74%
2012	10,165	137,039,679	13,482	1.65%	858	14.2	10,124	9,589	-2.41%	94.72%
2011	10,142	139,028,283	13,708	-3.04%	843	13.3	10,296	9,631	2.09%	93.54%
2010	10,248	144,885,807	14,138	2.39%	906	13.3	10,374	9,863	0.73%	95.07%
2009	10,160	140,282,616	13,807	2.51%	903	13.1	10,085	9,607	-0.40%	95.26%
2008	10,208	137,489,212	13,469	6.95%	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%

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	387	405	419	435	421	444	481	395	401	404
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)	279	304	313	328	328	329	340	323	318	340
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	506	501	486	529	490	478	461	470	466	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	233	232	232	235	238	258	279	275	283	291
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	456	491	509	520	533	521	504	473	484	466
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	391	413	418	433	446	459	463	423	426	393
Navesink Elementary (1941)										
Square Feet	29,113	29,113	29,113	29,113	29,113	29,113	29,113	29,113	29,113	29,113
Capacity	326	326	326	326	326	326	326	326	326	326
Enrollment	282	294	295	279	283	294	287	247	287	221
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	412	431	453	469	511	511	544	438	513	475
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	565	575	550	560	538	549	579	524	534	531

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

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	313	304	304	296	283	278	293	303	345	306
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	249	247	268	262	254	259	256	233	236	227
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	314	325	322	315	325	311	322	318	311	323
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	672	642	667	670	709	704	712	740	725	705
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	1,032	945	945	917	965	888	930	932	956	957
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	748	731	715	744	781	778	804	788	830	825
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	1,390	1,425	1,382	1,605	1,592	1,637	1,688	1,718	1,719	1,733
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	1,418	1,403	1,400	1,460	1,468	1,444	1,430	1,486	1,465	1,447
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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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
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, 2016:
Elementary = 12
Middle School = 3
Senior High School = 2
Other = 3

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)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
High Schools:											
High School North	N/A	\$615,678	\$540,713	\$540,713	\$35,766	\$35,766	\$76,485	\$144,182	\$149,961	\$152,707	\$132,087
High School South	N/A	570,805	501,303	501,303	120,203	120,203	58,382	109,326	131,877	239,250	114,859
Middle Schools:											
Bayshore Middle	N/A	346,756	304,535	304,535	21,252	21,252	41,184	77,285	58,642	96,650	90,057
Thompson	N/A	310,653	272,827	272,827	117,674	117,674	30,775	57,884	67,213	87,633	77,221
Thorne	N/A	310,653	272,827	272,827	97,001	97,001	49,331	93,136	62,298	73,963	63,784
Elementary Schools:											
Bayview	N/A	105,902	93,008	93,008	14,235	14,235	14,482	27,093	23,564	23,650	27,771
Fairview	N/A	79,331	69,671	69,671	7,489	7,489	15,388	29,196	35,107	23,459	23,070
Harmony	N/A	123,725	108,660	108,660	51,247	51,247	14,030	26,473	43,207	70,599	55,739
Leonardo	N/A	77,634	68,181	68,181	14,219	14,219	8,599	15,913	30,967	14,062	29,186
Lincroft	N/A	95,216	83,622	83,622	5,814	5,814	32,133	60,717	35,074	75,617	32,398
Middletown Village	N/A	85,781	75,336	75,336	5,214	5,214	23,986	45,321	13,182	24,775	19,985
Navesink	N/A	70,071	61,539	61,539	21,007	21,007	7,694	14,399	22,118	26,609	70,616
New Monmouth	N/A	146,434	128,604	128,604	7,785	7,785	25,344	47,502	64,255	107,675	29,586
Nut Swamp	N/A	115,097	101,082	101,082	71,635	71,635	19,913	37,564	20,188	23,107	39,835
Ocean Avenue	N/A	75,913	66,670	66,670	21,441	21,441	5,883	11,361	14,255	33,602	14,850
Port Monmouth	N/A	61,977	54,431	54,431	5,214	5,214	10,862	20,422	9,890	30,654	11,710
River Plaza	N/A	77,116	67,727	67,727	108,757	108,757	18,103	34,206	15,640	32,727	15,212
Grand Total		\$3,268,741	\$2,870,737	\$2,870,737	\$725,953	\$725,953	\$452,574	\$851,980	\$797,438	\$1,136,739	\$847,966

**INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED**

	COVERAGE	DEDUCTIBLE
Commercial Package Policy - MOCSSIF:		
Real & Personal Property (per occurrence)	\$ 350,000,000	\$5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Construction	10,000,000	5,000
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup & Removal	250,000	
Flood/Earthquake:		
Flood Zone A & V	15,000,000	500,000
All Other Flood Zones	75,000,000	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)		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, 2016
UNAUDITED**

	COVERAGE	DEDUCTIBLE
MOCSSIF:		
Board of Education Liability/School Leaders Errors & Omissions	2,000,000	20,000
Employee Related Practices Violations	150,000	20,000
Public Official Bonds:		
Judith Vassallo - Treasurer	600,000	1,000
Amy P. Gallagher - Business Administrator/Board Secretary	600,000	1,000
Workers' Compensation - MOCSSIF:		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Travel Accident - National Union Fire Insurance Company:		
Accidental Death Dismemberment	250,000	
Aggregate limit of Indemnity	1,250,000	
Student/Athletic Volunteer Accident - Axis Insurance Company:		
Interscholastic Football/Sports	25,000	
Excess Coverage - Medical Expense benefits	5,000,000	25,000
Volunteer Workers	25,000	1,000

Source: District records.

SINGLE AUDIT SECTION

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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Freehold, New Jersey
November 30, 2016



HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-2

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited Middletown Board of Education’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2016. Middletown 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 Middletown Board of Education’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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Middletown Board of Education'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 Middletown Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of Middletown Board of Education 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 Middletown Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Middletown Board of Education's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Freehold, New Jersey
November 30, 2016

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CEDA NUMBER	FEDERAL FAIN NUMBER	FEDERAL STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	UNEARNED REVENUE JUNE 30, 2016	(ACCOUNTS RECEIVABLE) JUNE 30, 2016	DUE TO GRANITOR JUNE 30, 2016
Enterprise Fund:															
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:															
Child Nutrition Program Cluster															
Non-cash Assistance:															
Cash Assistance:															
Food Distribution Program	10.555	16161NJ304N1099	N/A	\$134,038	7/1/15-6/30/16	-	-	134,038	(134,038)	-	-	-	-	-	-
Healthy, Hunger-Free Kids Act of 2010	10.592	16161NJ304N1099	N/A	26,875	7/1/15-6/30/16	-	-	24,564	(26,875)	-	-	-	-	(2,311)	-
National School Lunch Program	10.555	16161NJ304N1099	5120-201-372573-63	474,150	7/1/15-6/30/16	(1,981)	-	431,699	(471,855)	-	-	-	-	(40,156)	-
National School Lunch Program	10.555	16161NJ304N1099	5120-201-372713-63	440,981	7/1/15-6/30/16	(33,198)	-	33,198	(302,388)	-	-	-	-	(2,981)	-
Breakfast Program	10.553	16161NJ304N1099	5120-201-372713-63	30,238	7/1/15-6/30/16	(2,060)	-	27,257	(302,388)	-	-	-	-	(2,981)	-
Breakfast Program	10.553	16161NJ304N1099	5120-201-372713-63	19,963	7/1/15-6/30/16	(37,239)	-	654,797	(663,006)	-	-	-	-	(45,448)	-
Total Child Nutrition Program Cluster						(37,239)	-	654,797	(663,006)	-	-	-	-	(45,448)	-
Total Enterprise Fund						(37,239)	-	654,797	(663,006)	-	-	-	-	(45,448)	-
Special Revenue Fund:															
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:															
Title I-Part A Cluster															
Title I	84.010	S010A150030	NCLB316016	601,600	7/1/15-6/30/16	-	-	356,574	(580,290)	-	-	7,903	-	(223,716)	-
Title I	84.010	S010A150030	NCLB316015	377,434	7/1/14-6/30/15	(109,873)	-	109,519	-	-	-	2,429	-	-	7,549
Title I	84.010	S010A150030	NCLB316014	335,814	7/1/13-6/30/14	(109,873)	-	466,093	(580,290)	-	-	10,332	-	(223,716)	9,978
Total Title I Cluster						(109,873)	-	466,093	(580,290)	-	-	10,332	-	(223,716)	9,978
Title II A	84.367	H027A150100	NCLB316016	242,478	7/1/15-6/30/16	(44,593)	-	163,142	(206,618)	-	-	2,873	-	(43,476)	2,500
Title II A	84.367	H027A150100	NCLB316015	210,155	7/1/14-6/30/15	(44,593)	-	44,220	-	-	-	831	-	-	831
Title II A	84.367	H027A150100	NCLB316014	222,319	7/1/13-6/30/14	(44,593)	-	207,362	(206,618)	-	-	3,704	-	(43,476)	3,331
Total Title II A						(44,593)	-	207,362	(206,618)	-	-	3,704	-	(43,476)	3,331
Title III	84.365	S365A150030	NCLB316016	19,412	7/1/15-6/30/16	(11,289)	-	6,722	(12,145)	-	-	-	-	(5,423)	-
Title III	84.365	S365A150030	NCLB316015	23,626	7/1/14-6/30/15	(11,289)	-	11,289	-	-	-	-	-	-	-
Title III Immigrant	84.365A	S365A150030	NCLB316016	7,939	7/1/15-6/30/16	(6,444)	-	6,444	(5,407)	-	-	1,358	-	(5,407)	-
Title III Immigrant	84.365A	S365A150030	NCLB316015	13,207	7/1/14-6/30/15	(17,733)	-	24,455	(17,552)	-	-	1,358	-	(10,830)	1,358
Total Title III Immigrant						(17,733)	-	24,455	(17,552)	-	-	1,358	-	(10,830)	1,358
Special Education Cluster															
ID E.A.-Basic Regular	84.027	H027A150100	IDEA316016	2,924,083	7/1/15-6/30/16	(283,101)	-	2,688,363	(2,556,909)	-	-	-	126,654	-	-
ID E.A.-Basic Regular	84.027	H027A150100	IDEA316015	2,757,682	7/1/14-6/30/15	(283,101)	-	198,986	-	-	-	88,217	-	-	1,102
ID E.A. Preschool	84.173	H173A150114	IDEA316016	99,737	7/1/15-6/30/16	(41,383)	-	39,011	(57,507)	-	-	-	-	(18,496)	-
ID E.A. Preschool	84.173	H173A150114	IDEA316015	89,736	7/1/14-6/30/15	(324,484)	-	40,701	-	-	-	682	-	-	-
Total Special Education Cluster						(496,683)	-	2,959,261	(2,614,416)	-	-	88,899	126,654	(18,496)	1,102
Total U.S. Department of Education						(496,683)	-	3,657,171	(3,418,876)	-	-	104,293	126,654	(296,418)	15,769
General Fund:															
Medical Assistance Program															
93.778		166N15MAP	N/A	126,446	7/1/15-6/30/16	-	-	126,446	(126,446)	-	-	-	-	-	-
Total General Fund						-	-	126,446	(126,446)	-	-	-	-	-	-
Total Federal Financial Assistance						(\$533,922)	\$	\$4,438,414	(\$4,208,328)	\$	\$	\$104,293	126,654	(\$341,966)	\$15,769

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

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	UNEARNED REVENUE JUNE 30, 2016	(ACCOUNTS RECEIVABLE) JUNE 30, 2016	DUE TO GRANTOR JUNE 30, 2016	MEMO		
													BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:															
General Fund:															
Categorical Transportation Aid															
State Aid Cluster															
Categorical Special Education Aid	16-495-034-5120-014	\$2,893,232	7/1/15-6/30/16	\$ -	\$ -	\$ 2,893,232	(2,893,232)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,316	\$ 2,893,232
Categorical Security Aid	16-495-034-5120-089	6,072,259	7/1/15-6/30/16	-	-	6,072,259	(6,072,259)	-	-	-	-	-	-	\$607,225	6,072,259
Adjustment Aid	16-495-034-5120-084	837,191	7/1/15-6/30/16	-	-	837,191	(837,191)	-	-	-	-	-	-	837,191	837,191
Education Aid	16-495-034-5120-075	6,006,953	7/1/15-6/30/16	-	-	585,395	(585,395)	-	-	-	-	-	-	\$606,953	6,006,953
Education Aid	16-495-034-5120-075	1,000,985	7/1/15-6/30/16	-	-	81,000,995	(81,000,995)	-	-	-	-	-	-	\$100,985	1,000,985
PARCC Readiness Aid	16-495-034-5120-098	96,610	7/1/15-6/30/16	-	-	96,610	(96,610)	-	-	-	-	-	-	96,610	96,610
Per Pupil Growth Aid	16-495-034-5120-097	96,610	7/1/15-6/30/16	-	-	96,610	(96,610)	-	-	-	-	-	-	96,610	96,610
Total State Aid Cluster						14,811,400	(14,811,400)							1,445,466	14,811,400
Extraordinary Special Education Costs Aid	15-495-034-5120-044	1,184,154	7/1/14-6/30/15	(\$1,184,154)	-	1,184,154	-	-	-	-	(\$1,391,965)	-	-	-	1,391,965
Extraordinary Special Education Costs Aid	16-495-034-5120-473	1,391,965	7/1/15-6/30/16	-	-	-	(1,391,965)	-	-	-	-	-	-	-	-
Non Public Transportation Aid	15-495-034-5120-014	82,359	7/1/14-6/30/15	(82,359)	-	82,359	-	-	-	-	(120,757)	-	-	-	120,757
Non Public Transportation Aid	16-495-034-5120-014	120,757	7/1/15-6/30/16	-	-	-	(120,757)	-	-	-	-	-	-	-	-
On-Behalf TPAF Pension															
Contribution	16-495-034-5095-001	5,799,449	7/1/15-6/30/16	-	-	5,799,449	(5,799,449)	-	-	-	-	-	-	-	5,799,449
On-Behalf TPAF Post Retirement	16-495-034-5095-001	6,905,541	7/1/15-6/30/16	-	-	6,905,541	(6,905,541)	-	-	-	-	-	-	-	6,905,541
Contributions (Nonbudgeted)	15-495-034-5095-002	5,451,991	7/1/14-6/30/15	(257,007)	-	257,007	-	-	-	-	(263,550)	-	-	-	-
Reimbursed TPAF Social Security	16-495-034-5095-002	5,731,435	7/1/15-6/30/16	-	-	5,210,877	(5,474,428)	-	-	-	(263,550)	-	-	-	5,474,428
Reimbursed TPAF Social Security	16-495-034-5095-002														
Contributions (Nonbudgeted)															
Total General Fund				(1,523,520)		37,144,019	(37,396,772)				(1,776,272)			1,734,782	37,396,772
Capital Projects Fund:															
SCC Grants:															
Roof Replacement - HS North	3160-050-14-1019	775,680	Open	(549,548)	-	431,546	-	-	32,212	-	(85,790)	-	-	(85,790)	-
Roof Replacement - HS South	3160-050-14-1020	1,767,622	Open	(849,862)	-	549,622	-	-	138,229	-	(139,465)	-	-	(139,465)	-
Roof Replacement - Bayshore	3160-050-14-1022	1,070,856	Open	(652,730)	-	650,632	-	-	-	-	-	-	-	-	-
Roof Replacement - Thompson	3160-050-14-1025	423,520	Open	(65,230)	-	58,330	-	-	-	-	-	-	-	-	-
Roof Replacement - Bayview	3160-050-14-1027	668,440	Open	(103,699)	-	103,699	-	-	-	-	-	-	-	-	-
Roof Replacement - Fairview	3160-050-14-1028	459,400	Open	(363,710)	-	283,759	-	-	8,878	-	(71,073)	-	-	(71,073)	-
Roof Replacement - Fairview	3160-090-14-1031	229,120	Open	(162,254)	-	129,739	(1,612)	-	-	-	(34,127)	-	-	(34,127)	1,612
Roof Replacement - Leonardo	3160-110-14-1032	179,700	Open	(127,192)	-	99,263	-	-	2,155	-	(25,774)	-	-	(25,774)	-
Roof Replacement - Lincoln	3160-120-14-1033	373,620	Open	(57,507)	-	57,507	-	-	-	-	-	-	-	-	-
Roof Replacement - Middl. Village	3160-130-14-1034	51,000	Open	(40,377)	-	-	-	-	-	-	-	-	-	-	-
Roof Replacement - Newswark	3160-140-14-1035	298,100	Open	(209,874)	-	155,262	-	-	15,539	-	(47,739)	-	-	(47,739)	7,363
Roof Replacement - New Monmouth	3160-143-14-1037	474,720	Open	(211,880)	-	375,876	(136,523)	-	-	-	(39,073)	-	-	(39,073)	-
Roof Replacement - Ocean Ave.	3160-145-14-1038	296,032	Open	(211,880)	-	169,913	(2,336)	-	-	-	(132,587)	-	-	(132,587)	136,523
Roof Replacement - Ocean Ave.	3160-080-14-1030	243,384	Open	(169,409)	-	34,906	-	-	-	-	(43,605)	-	-	(43,605)	2,336
Roof Replacement - Ocean Ave.	3160-080-14-1031	269,600	Open	(187,439)	-	151,604	(27,749)	-	-	-	(41,685)	-	-	(41,685)	-
Roof Replacement - Ocean Ave.	3160-050-14-1001	61,566	Open	(22,738)	-	-	-	-	-	-	(22,728)	-	-	(22,728)	27,749
Phone Sys Replacement - HS North	3160-053-14-1002	52,965	Open	(19,553)	-	-	-	-	-	-	(19,553)	-	-	(19,553)	-
Phone Sys Replacement - Bayshore	3160-053-14-1003	42,656	Open	(15,746)	-	-	-	-	-	-	(15,746)	-	-	(15,746)	-
Phone Sys Replacement - Thompson	3160-057-14-1004	23,182	Open	(8,558)	-	-	-	-	-	-	(8,558)	-	-	(8,558)	-
Phone Sys Replacement - Thorne	3160-059-14-1005	22,983	Open	(8,484)	-	-	-	-	-	-	(8,484)	-	-	(8,484)	-
Phone Sys Replacement - Fairview	3160-060-14-1006	13,335	Open	(4,923)	-	-	-	-	-	-	(4,923)	-	-	(4,923)	-
Phone Sys Replacement - Fairview	3160-090-14-1008	9,988	Open	(3,687)	-	-	-	-	-	-	(3,687)	-	-	(3,687)	-
Phone Sys Replacement - Harmony	3160-095-14-1009	13,534	Open	(4,996)	-	-	-	-	-	-	(4,996)	-	-	(4,996)	-
Phone Sys Replacement - Leonardo	3160-110-14-1010	9,790	Open	(3,614)	-	-	-	-	-	-	(3,614)	-	-	(3,614)	-
Phone Sys Replacement - Lincoln	3160-120-14-1011	10,187	Open	(3,761)	-	-	-	-	-	-	(3,761)	-	-	(3,761)	-
Phone Sys Replacement - Middl. Village	3160-130-14-1012	10,382	Open	(3,832)	-	-	-	-	-	-	(3,832)	-	-	(3,832)	-
Phone Sys Replacement - Newswark	3160-140-14-1013	14,521	Open	(5,370)	-	-	-	-	-	-	(5,370)	-	-	(5,370)	-
Phone Sys Replacement - Ocean Ave.	3160-145-14-1014	15,221	Open	(5,740)	-	-	-	-	-	-	(5,740)	-	-	(5,740)	-
Phone Sys Replacement - Ocean Ave.	3160-145-14-1015	12,538	Open	(4,776)	-	-	-	-	-	-	(4,776)	-	-	(4,776)	-
Phone Sys Replacement - Ocean Ave.	3160-080-14-1007	9,988	Open	(3,687)	-	-	-	-	-	-	(3,687)	-	-	(3,687)	-
Phone Sys Replacement - Ocean Ave.	3160-150-14-1016	8,597	Open	(3,173)	-	-	-	-	-	-	(3,173)	-	-	(3,173)	-
Phone Sys Replacement - River Plaza	3160-160-14-1017	9,891	Open	(3,541)	-	-	-	-	-	-	(3,541)	-	-	(3,541)	-
Geothermal Upgrades - HS North	3160-050-14-1018	1,349,890	Open	(1,279,020)	-	-	-	-	-	-	(258,884)	-	-	(258,884)	2,515
Geothermal Upgrades - HS South	3160-053-14-1021	1,655,918	Open	(329,017)	-	1,022,651	(2,515)	-	-	-	(329,017)	-	-	(329,017)	-
Geothermal Upgrades - Bayshore	3160-055-14-1023	855,308	Open	(171,062)	-	-	-	-	-	-	(171,062)	-	-	(171,062)	-
Geothermal Upgrades - Thompson	3160-057-14-1024	942,461	Open	(883,430)	-	705,475	-	-	803	-	(171,150)	-	-	(171,150)	-
Geothermal Upgrades - Thorne	3160-059-14-1026	942,461	Open	(883,430)	-	705,475	-	-	803	-	(171,150)	-	-	(171,150)	-
Boiler Replacement - New Monmouth	3160-143-14-1036	244,880	Open	(129,317)	-	129,317	-	-	134	-	(171,152)	-	-	(171,152)	-
Boiler Replacement - Ocean Ave.	3160-080-14-1029	221,860	Open	(106,826)	-	106,860	-	-	(134)	-	-	-	-	-	-
Total Capital Projects Fund				(7,435,523)		5,516,485	(178,099)		198,621		(1,898,517)			(1,898,517)	178,099

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	DEFERRED REVENUE JUNE 30, 2016	(ACCOUNTS RECEIVABLE) JUNE 30, 2016	DUETO GRANTOR JUNE 30, 2016	MEMO		
													BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
Special Revenue Fund:															
NJ Nonpublic Aid:															
Textbooks	16-100-034-5120-064	\$168,789	7/1/15-6/30/16	\$ -	\$ -	168,789	(150,844)	\$ -	\$ -	\$ -	\$ -	17,945	\$ -	\$ -	150,844
Nursing Services	15-100-034-5120-064	\$166,466	7/1/14-6/30/15	-	-	5,688	-	(5,688)	-	-	-	-	-	-	-
Nursing Services	16-100-034-5120-070	266,220	7/1/15-6/30/16	-	-	266,220	(236,803)	-	-	-	-	29,417	-	-	236,803
Technology Initiative	15-100-034-5120-070	265,298	7/1/14-6/30/15	-	-	35,257	(35,257)	-	-	-	-	-	-	-	-
Technology Initiative	16-100-034-5120-070	89,608	7/1/15-6/30/16	-	-	70,536	(70,538)	-	-	-	-	6,318	-	-	70,538
Technology Initiative	15-100-034-5120-373	89,608	7/1/14-6/30/15	3,528	-	12,501	-	(3,528)	-	-	-	15,900	-	-	-
Technology Initiative	14-100-034-5120-373	56,300	7/1/15-6/30/14	1,763	-	-	-	-	-	-	-	1,763	-	-	-
Technology Initiative	13-100-034-5120-374	55,324	7/1/15-6/30/13	427	-	-	-	-	-	-	-	427	-	-	-
Security Aid	16-100-034-5120-509	73,950	7/1/15-6/30/16	-	-	73,950	(73,413)	-	-	-	-	537	-	-	73,413
Auxiliary Services (Chapter 192):															
Home Instruction	16-100-034-5120-067	15,385	7/1/15-6/30/16	-	-	-	(15,385)	-	-	-	(15,385)	-	-	-	15,385
Home Instruction	15-100-034-5120-067	11,895	7/1/14-6/30/15	(11,895)	-	-	-	-	-	-	-	-	-	-	-
Compensatory Education	16-100-034-5120-067	278,344	7/1/15-6/30/16	-	-	278,344	(202,201)	-	-	-	-	76,143	-	-	202,201
Compensatory Education	15-100-034-5120-067	309,051	7/1/14-6/30/15	-	-	68,977	-	(68,977)	-	-	-	-	-	-	-
Handicapped Services (Chapter 193):															
Examination and Classification	16-100-034-5120-066	184,940	7/1/15-6/30/16	-	-	184,940	(166,199)	-	-	-	-	18,741	-	-	166,199
Examination and Classification	15-100-034-5120-066	180,129	7/1/14-6/30/15	-	-	18,175	-	(18,897)	722	-	-	-	-	-	-
Corrective Speech	16-100-034-5120-066	118,069	7/1/15-6/30/16	-	-	21,204	(62,705)	-	-	-	-	11,705	-	-	62,705
Corrective Speech	15-100-034-5120-066	87,467	7/1/14-6/30/15	-	-	21,204	-	(21,204)	-	-	-	-	-	-	-
Supplementary Instruction	16-100-034-5120-066	118,069	7/1/15-6/30/16	(6,177)	-	118,069	(118,069)	-	722	-	(15,385)	175,897	-	-	118,069
Total Special Revenue Fund						1,415,675	(1,096,157)	(153,551)	722	-	(15,385)	175,897	-	-	1,096,157
Debt Service Fund:															
Debt Service Type II Aid	12-495-034-5120-075	1,412,935	7/1/14-6/30/15	-	-	1,412,935	(1,412,935)	-	-	-	-	-	-	-	1,412,935
Total Debt Service Fund						1,412,935	(1,412,935)	-	-	-	-	-	-	-	1,412,935
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program	16-100-010-3350-023	17,501	7/1/15-6/30/16	-	-	18,096	(19,796)	-	-	-	(1,700)	-	-	-	19,796
National School Lunch Program	15-100-010-3350-023	19,963	7/1/14-6/30/15	(2,049)	-	2,049	-	-	-	-	-	-	-	-	-
Total Enterprise Fund						20,145	(19,796)	-	-	-	(1,700)	-	-	-	19,796
Total State Financial Assistance						45,509,259	(40,103,758)	(153,551)	199,343	\$ -	(3,691,874)	175,897	\$ -	(16,755)	40,103,758
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:															
On Behalf Teacher Pension and Annuity Fund						5,799,449									
On Behalf Teacher Post Retirement Medical						6,905,541									
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08						32,764,269									

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

June 30, 2016

Note 1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Middletown Township Board of Education. 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. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Middletown Township Board of Education did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Middletown Township Board of Education has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

June 30, 2016

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

expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments 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 \$9,400 for the general fund and \$(8,246) for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented on the following page:

	State	Federal	Total
General Fund	\$ 37,406,180	\$ 126,446	\$ 37,532,626
Special Revenue Fund	1,250,109	3,410,630	4,660,739
Debt service Fund	1,412,935	-	1,412,935
Food Service Fund	19,796	663,006	682,802
Total Awards and Financial Assistance	<u>\$ 40,089,020</u>	<u>\$ 4,200,082</u>	<u>\$ 44,289,102</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 represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

Note 6. Federal and State Loans Outstanding

The Middletown Township Board of Education had no loan balances outstanding at June 30, 2016.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	None Reported

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
		IDEA Cluster:
84.027	H027A150100	IDEA-Part B, Basic Regular
84.173	H173A150114	IDEA-Part B, Preschool
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

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

State Financial Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$821,963
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular(s) 15-08	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
	State Aid Cluster:
16-495-034-5120-089	Categorical Special Education Aid
16-495-034-5120-078	Equalization Aid
16-495-034-5120-084	Categorical Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-085	Additional Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid
16-495-034-5095-002	Reimbursed TPAF

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08

No Current Year Findings