

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

Middletown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
MIDDLETOWN, NEW JERSEY**



YEAR ENDED JUNE 30, 2020

**PREPARED BY MIDDLETOWN TOWNSHIP PUBLIC SCHOOL DISTRICT
BUSINESS OFFICE
AMY P. DOHERTY, CPA
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY**

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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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February 3, 2021

Honorable President and Members
Of the Board of Education
Citizens of the Township of Middletown
Middletown Township Public 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, 2020, 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, 2020, 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, amended by GASB Statements No. 39, 61, and 80. 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 student count at October 15, 2019 was 9,533. There are not currently any Charter Schools located in Middletown Township.

2. Economic Condition and Outlook

The Township of Middletown completed a revaluation all of its properties in 2015 to adjust the net assessed valuations closer to market value, which resulted in an increase in valuations. Our bonded indebtedness is \$47,075,000 as compared to our school-borrowing margin of \$437,859,664.

The District's enrollment has been relatively stable over the last few years. An updated enrollment projection was completed in June 2016 that predicts an overall continuing downward trend in enrollment over the next five years. There are a few new residential developments planned in the Township, but they are not anticipated to have a significant impact on the student population.

The 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.

In July 2018, the District was notified that its 2018-2019 state aid allocation was being reduced by \$1,177,977. Current projections indicate that the District will be subject to an additional \$4.8 million in state aid reductions through fiscal year 2024-2025 under the provisions of the School Funding Reform Act.

3. Long-Term Financial Planning/Major Initiatives

The District completed an updated Long Range Facilities Plan in February of 2020. Additionally, the District completed an Energy Savings Improvement Program (ESIP) in December 2019, the goal of which was to fund needed heating and cooling systems improvements with projects that will provide the district with energy savings over 15-20 years. The Board completed its 2020-2025 Strategic Plan in June 2020 after a process that involved board members, administration and community members. 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 legal level of budgetary control is established at the line item accounts within each fund. 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 an assignment of fund balance at June 30, 2020.

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. Financial Policies

The intent of the Board of Education is to ensure that the District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for budget preparation and fiscal planning. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

7. 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.

8. Debt Administration

At June 30, 2020, the District's outstanding debt issues included bonds of \$47,075,000. The district's current bond rating is AA.

9. 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.

10. 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.

11. 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, 2020. In order to be awarded a Certificate of Excellence, the district published an easily readable and efficiently organized CAFR.

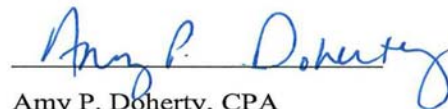
This report satisfied both Generally Accepted Accounting Principles in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Excellence Program’s requirements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

Respectfully submitted,



Mary E. Walker

Superintendent of Schools



Amy P. Doherty, CPA

Business Administrator/Board Secretary

MIDDLETOWN SCHOOL DISTRICT ORGANIZATION CHART 2019-2020

Board of Education

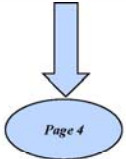
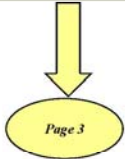
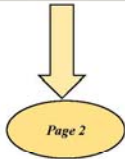
Attachment HR-20

Superintendent of Schools *Dr. George*

Assistant Superintendent of Student Activities / Services *Mrs. Walker*

Asst. Superintendent of Human Resources, Curriculum & Instruction K-12 *Mrs. Pickus*

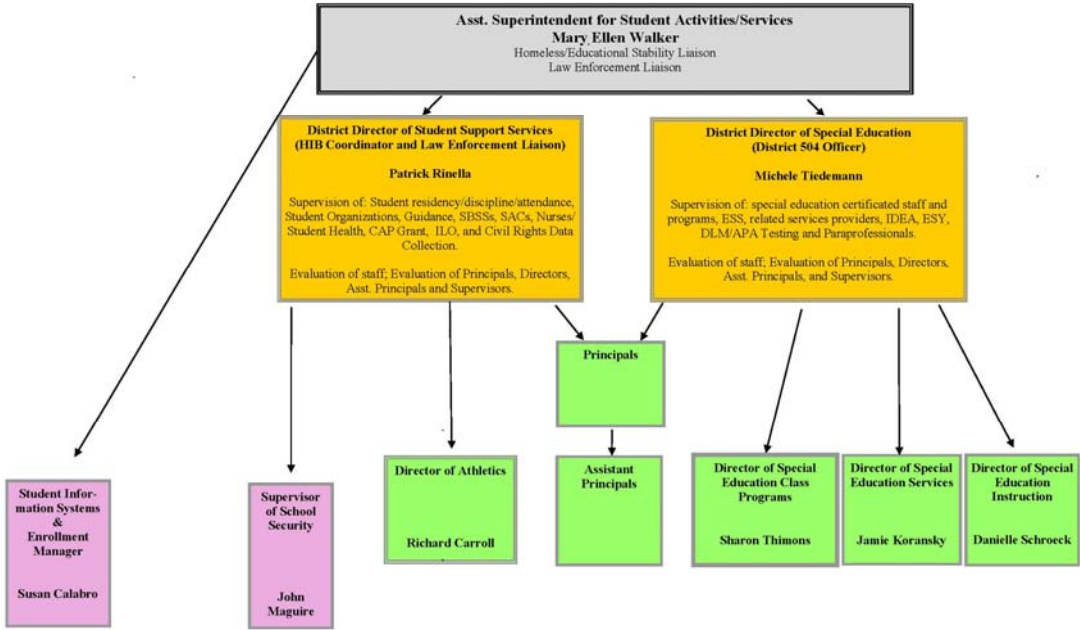
Business Administrator / Board Secretary *Mrs. Gallagher*



Administrative Liaison	
Facilities / Finance/ Policy	Business Administrator
Personnel	Asst. Superintendent, Human Resources, Curriculum & Instruction
Student Services	District Director of Student Services
Operations / Co-Curricular	Asst. Superintendent of Student Activities / Services
Negotiations	Superintendent / Business Administrator
Curriculum / Technology	Asst. Superintendent, Human Resources, Curriculum & Instruction

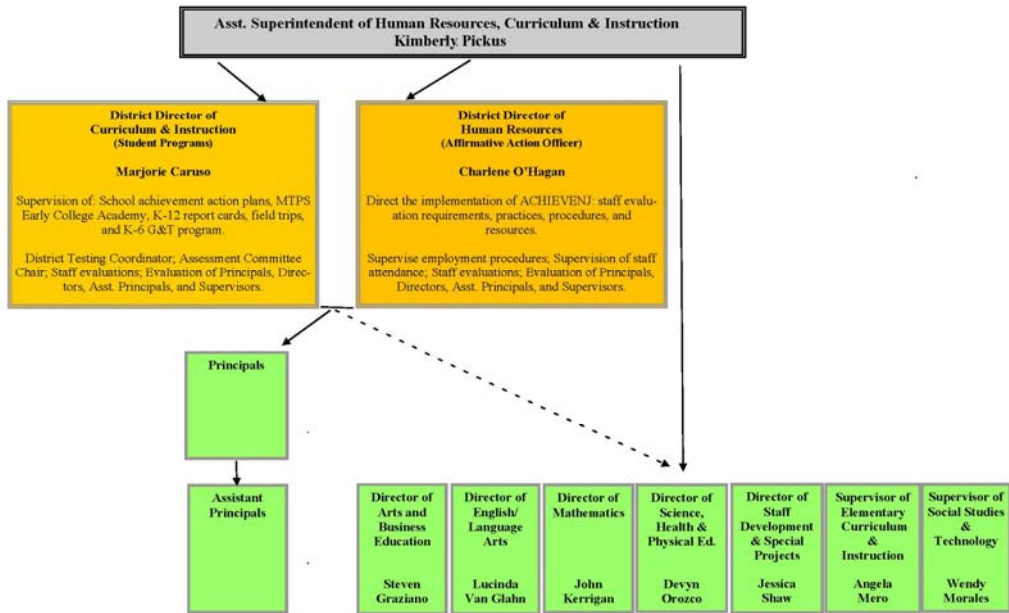
Approved by the Board of Education 5.15.19

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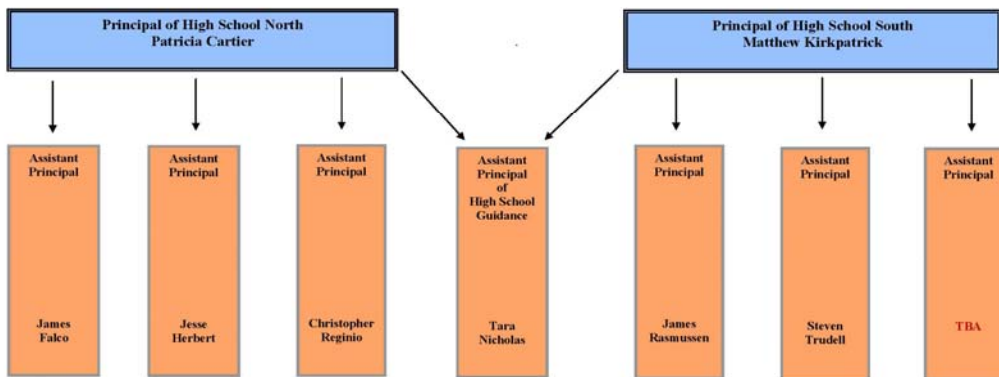
Approved by BOE 5.15.19

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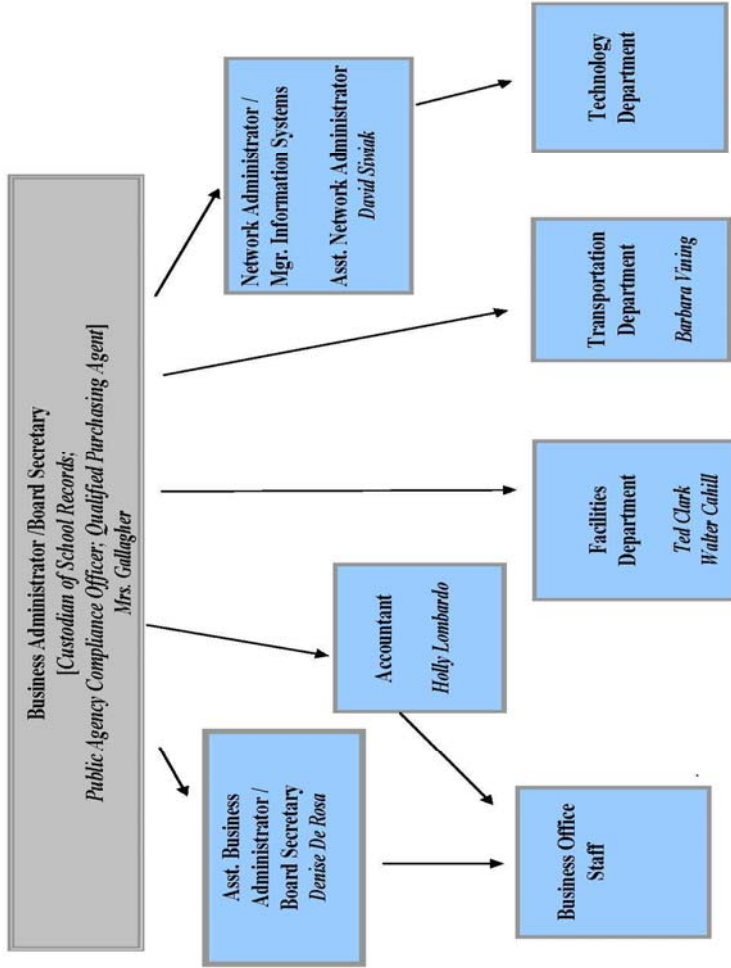
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Approved by BOE 5.15.19

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
MIDDLETOWN, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

TERM EXPIRES

Pamela Rogers, President

2020

Robin Stella, Vice President

2020

Leonora Caminiti

2022

Thomas Giaimo

2021

Nicholas DiFranco

2020

Michael Donlon

2022

John Little

2022

Joan Minnuies

2021

Deborah Wright

2021

Other Officials

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

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

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
MIDDLETOWN, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2020**

AUDITOR/AUDIT FIRM

Matthew Holman, CPA, PSA
Holman Frenia Allison, P. C.
680 Hooper Avenue, Building B Suite 201
Toms River, New Jersey 08753

ATTORNEY

Lester Taylor, Esq.
Florio Perrucci Steinhardt Cappelli Tipton & Taylor LLC.
430 Mountain Avenue, Suite 103
New Providence, NJ 07974

OFFICIAL DEPOSITORY

TD Bank
207 Harmony Road
Middletown, New Jersey 07748

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Middletown Township Board of Education

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

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FINANCIAL SECTION

Second Section

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INDEPENDENT AUDITORS REPORT

Honorable President and Members
of the Board of Education
Middletown Township School District
County of Monmouth
Middletown, 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 School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School 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 School District, County of Monmouth, State of New Jersey, as of June 30, 2020, 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 & other post employment benefits, 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 School District'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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 related major fund supporting statements and schedules and schedules 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 February 3, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Matthew Holman
Certified Public Accountant
Public School Accountant, No. 20CS00260100

Freehold, New Jersey
February 3, 2021

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020

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, 2020. 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 (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019-2020 are as follows:

- In total, net position of governmental activities increased \$6,409,141, which represents a 50.35% increase from 2019. Total net position of business-type activities decreased \$69,689, which represents a 10.51% decrease from 2019.
- General revenues accounted for \$171,198,879 in revenue or 79.24% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$44,847,027 or 20.76% of total revenues of \$216,045,906.
- Total assets of governmental activities increased by \$1,128,049 as cash and cash equivalents increased by \$4,902,058, receivables decreased by \$599,872, restricted cash and cash equivalents and cash on hand with fiscal agent increased by \$2,133,000, and total capital assets decreased by \$5,307,138.
- Total liabilities of governmental activities decreased by \$7,540,365 as accounts payable increased by \$2,455,526 and non-current liabilities due beyond one year decreased by \$9,399,938.
- The District had \$207,731,294 in governmental activity expenses; only \$42,941,556 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues and special items from governmental activities (primarily property taxes) of \$171,198,879 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$6,409,141.
- In the governmental funds, the general fund had \$190,935,995 in revenues and \$185,986,835 in expenditures. The general fund's fund balance increased by \$4,949,160 over 2019.

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, 2020 and 2019, respectively:

**Net Position
June 30, 2020**

	Governmental Activities		Business-Type Activities	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets				
Current and Other				
Assets	\$ 17,843,533	\$ 11,408,346	\$ 44,243	\$ 95,841
Capital Assets, Net	93,382,258	98,689,396	720,443	782,212
Total Assets	<u>111,225,791</u>	<u>110,097,742</u>	<u>764,686</u>	<u>878,053</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	6,408,250	9,787,805	-	-
Deferred Charges on Refunding of Debt	2,100,712	1,509,970	-	-
Total Deferred Outflows of Resources	<u>8,508,962</u>	<u>11,297,775</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-Term Liabilities	103,732,317	112,868,873	-	-
Other Liabilities	7,819,471	6,223,280	171,286	214,964
Total Liabilities	<u>111,551,788</u>	<u>119,092,153</u>	<u>171,286</u>	<u>214,964</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	14,503,558	15,033,098	-	-
Total Deferred Inflows of Resources	<u>14,503,558</u>	<u>15,033,098</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in				
Capital Assets	32,051,356	30,824,150	720,443	782,212
Restricted	7,143,356	4,042,258	-	-
Unrestricted	(45,515,305)	(47,596,142)	(127,043)	(119,123)
Total Net Position	<u>\$ (6,320,593)</u>	<u>\$ (12,729,734)</u>	<u>\$ 593,400</u>	<u>\$ 663,089</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 \$32,051,356 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, 2020.

Restricted net position increased \$3,101,098 from the prior year to \$7,143,356 at June 30, 2020.

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 (\$45,515,305) is 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, 2020 and 2019. 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.

	<u>June 30, 2020</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Revenues and Special Items:			
Program Revenues:			
Charges for Services	\$ -	\$ 1,365,933	\$ 1,365,933
Operating Grants and Contributions	42,941,556	539,538	43,481,094
General Revenues:			
Property Taxes	149,247,782	-	149,247,782
Federal and State Aid	20,388,682	-	20,388,682
Miscellaneous	1,562,415	-	1,562,415
Total Revenues and Special Items	<u>214,140,435</u>	<u>1,905,471</u>	<u>216,045,906</u>
Expenses:			
Instructional Services	133,942,714	-	133,942,714
Support Services	68,048,608	1,975,160	70,023,768
Interest and Other Charges	5,739,972	-	5,739,972
Total Expenses	<u>207,731,294</u>	<u>1,975,160</u>	<u>209,706,454</u>
Change in Net Position	6,409,141	(69,689)	6,339,452
Net Position, Beginning	(12,729,734)	663,089	(12,066,645)
Net Position, Ending	<u>\$ (6,320,593)</u>	<u>\$ 593,400</u>	<u>\$ (5,727,193)</u>

	June 30, 2019		
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 1,968,341	\$ 1,968,341
Operating Grants and Contributions	50,593,229	614,405	51,207,634
General Revenues:			
Property Taxes	146,436,252	-	146,436,252
Federal and State Aid	21,141,314	-	21,141,314
Miscellaneous	1,179,973	-	1,179,973
Total Revenues	219,350,768	2,582,746	221,933,514
Expenses:			
Instructional Services	139,936,770	-	139,936,770
Support Services	74,811,737	2,529,940	77,341,677
Interest and Other Charges	1,912,096	-	1,912,096
Total Expenses	216,660,603	2,529,940	219,190,543
Change in Net Position	2,690,165	52,806	2,742,971
Net Position, Beginning	(15,419,899)	610,284	(14,809,615)
Net Position, Ending	\$ (12,729,734)	\$ 663,090	\$ (12,066,644)

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, 2020 and 2019 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	June 30, 2020			
	Amount	Percent Of Total	Increase (Decrease) From 2019	Percent of Increase (Decrease)
Local Tax Levy	\$ 149,247,782	73.51%	\$ 2,811,530	1.92%
Tuition Charges	661,808	0.33%	(13,731)	-2.03%
Miscellaneous	1,017,242	0.50%	323,928	46.72%
State Sources	48,357,568	23.82%	(351,509)	-0.72%
Federal Sources	3,755,849	1.85%	237,952	6.76%
Total	\$ 203,040,249	100.00%	\$ 3,008,170	1.50%

June 30, 2019

	Amount	Percent Of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Local Tax Levy	\$ 146,436,252	73.21%	\$ 1,722,345	1.19%
Tuition Charges	675,539	0.34%	58,446	9.47%
Miscellaneous	693,314	0.35%	443,970	178.06%
State Sources	48,709,077	24.35%	3,121,572	6.85%
Federal Sources	3,517,897	1.76%	(365,407)	-9.41%
Total	\$ 200,032,079	100.00%	\$ 4,980,926	2.55%

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2020 and 2019 and the amount and percentage of increases and (decreases) in relation to prior year expenditures.

June 30, 2020

	Amount	Percent Of Total	Increase (Decrease) From 2019	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 81,190,508	40.95%	\$ 181,498	0.22%
Undistributed	107,588,005	54.26%	(2,002,913)	-1.83%
Capital Outlay	2,255,685	1.14%	(878,037)	-28.02%
Debt Service:				
Principal	4,860,000	2.45%	200,000	4.29%
Interest	2,220,168	1.12%	(195,100)	-8.08%
Costs of Issuance	172,297	0.09%	N/A	N/A
Total	\$ 198,286,663	100.00%	\$ (2,694,552)	-1.34%

June 30, 2019

	Amount	Percent Of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 81,009,010	40.34%	\$ 1,142,794	1.43%
Undistributed	109,590,918	54.57%	4,107,256	3.89%
Capital Outlay	3,133,722	1.56%	(12,299,203)	-79.69%
Debt Service:				
Principal	4,660,000	2.32%	185,000	4.13%
Interest	2,415,268	1.20%	(184,025)	-7.08%
Total	\$ 200,808,918	100.00%	\$ (7,048,178)	-3.39%

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added. Capital Outlay decreased in conjunction with the less projects budgeted for in 2019 - 2020.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2019-2020 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 2019-2020 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2019-2020 unassigned fund balance increased by \$356,233 to \$1,774,968 (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 (\$69,689) in 2019-2020 as compared to a change in net position of \$52,805 in 2018-2019. 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 decreased by 30.61% in 2019-2020 while operating expenses decreased 21.93%. However, the food service fund still incurred an operating loss of \$(609,227) in 2019-2020, as compared to an operating loss of (\$561,599) in 2018-2019. Funding from the State and Federal Government under the State and National Programs decreased \$74,867 from 2018-2019 to 2019-2020. The unrestricted net position of the food service program was (\$127,043) and the restricted amount of Net Investment in Capital Assets totaled \$720,443 at June 30, 2020. 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. The pivot to virtual instruction on March 13, 2020 had a negative impact on this year's revenues.

Capital Assets

At June 30, 2020 the District has capital assets of \$93,382,258, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2020</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 16,909,500	\$ -
Construction In Progress	1,585,479	-
Land Improvements	4,263,122	-
Buildings/Construction	65,246,708	352,876
Machinery and Equipment	5,377,449	367,567
Total	<u>\$ 93,382,258</u>	<u>\$ 720,443</u>
	<u>June 30, 2019</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 16,909,500	\$ -
Construction In Progress	3,349,898	-
Land Improvements	4,630,734	-
Buildings/Construction	69,285,624	373,598
Machinery and Equipment	4,513,640	408,614
Total	<u>\$ 98,689,396</u>	<u>\$ 782,212</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 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2020 and 2019, the District's outstanding debt issues included \$47,075,000 and \$55,485,000 respectively of general obligation bonds (2020 refunding bonds, 2014 issue, 2013 refunding bonds, and 2010 refunding bonds), \$9,650,000 and \$11,352,000 respectively of capital leases (Savin Copiers, Technology Leases and ESIP Lease) and \$4,564,807 and \$4,186,387 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2020-2021 budget will be adequate to satisfy all 2020-2021 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2020-2021.
- The District was notified that its 2019-2020 state aid was being reduced by \$552,572. State aid for 2020-2021 reflected an additional \$880,035 reduction. Additional reductions in state aid are projected to total approximately \$4.0 million through 2024-2025 under the 2018 School Funding Reform Act.
- 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.

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 SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL		BUSINESS-TYPE		
	ACTIVITIES		ACTIVITIES		TOTAL
ASSETS:					
Cash & Cash Equivalents	\$	9,795,904	\$	10,405	\$ 9,806,309
Receivables, Net (Note 4)		2,343,365		33,838	2,377,203
Restricted Cash & Cash Equivalents		5,704,264		-	5,704,264
Capital Assets, Net (Note 5)					
Non-Depreciable		18,494,979		-	18,494,979
Depreciable		74,887,279		720,443	75,607,722
Total Assets		111,225,791		764,686	111,990,477
DEFERRED OUTFLOWS OF RESOURCES:					
Related to Pensions (Note 8)		6,408,250		-	6,408,250
Related to Loss on Debt Refunding		2,100,712		-	2,100,712
Total Deferred Outflow of Resources		8,508,962		-	8,508,962
LIABILITIES:					
Accounts Payable		4,089,613		28,094	4,117,707
Due to Other Governments		2,201,571		-	2,201,571
Unearned Revenue		636,217		143,082	779,299
Accrued Interest		636,054		-	636,054
Accrued Salaries and Wages		256,016		-	256,016
Other Liabilities		-		110	110
Noncurrent Liabilities (Note 7):					
Due Within One Year		6,560,426		-	6,560,426
Due in More Than One Year		97,171,891		-	97,171,891
Total Liabilities		111,551,788		171,286	111,723,074
DEFERRED INFLOWS OF RESOURCES:					
Related to Pensions (Note 8)		14,503,558		-	14,503,558
Total Deferred Inflow of Resources		14,503,558		-	14,503,558
NET POSITION:					
Net Investment in Capital Assets		32,051,356		720,443	32,771,799
Restricted for:					
Capital Projects		2,777,690		-	2,777,690
Debt Service		26,594		-	26,594
Maintenance Reserve		1,060,533		-	1,060,533
Legal Reserve		2,289,240		-	2,289,240
Excess Surplus		989,299		-	989,299
Unrestricted (Deficit)		(45,515,305)		(127,043)	(45,642,348)
Total Net Position	\$	(6,320,593)	\$	593,400	\$ (5,727,193)

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 99,296,426	\$ -	\$ 29,297,426	\$ (69,999,000)	\$ -	\$ (69,999,000)
Special Education Instruction	31,076,746	-	8,266,382	(22,810,364)	-	(22,810,364)
Other Instruction	3,569,543	-	949,495	(2,620,048)	-	(2,620,048)
Support Services:						
Tuition	5,508,360	-	208,613	(5,299,747)	-	(5,299,747)
Student & Instruction Related Services	21,325,218	-	807,631	(20,517,587)	-	(20,517,587)
General Administrative	2,778,773	-	105,238	(2,673,535)	-	(2,673,535)
School Administrative Services	8,008,994	-	2,026,153	(5,982,841)	-	(5,982,841)
Central Services	1,967,777	-	74,524	(1,893,253)	-	(1,893,253)
Administrative Info. Technology	1,006,434	-	38,116	(968,318)	-	(968,318)
Plant Operations & Maintenance	14,624,225	-	682,125	(13,942,100)	-	(13,942,100)
Pupil Transportation	12,828,828	-	485,855	(12,342,973)	-	(12,342,973)
Interest & Other Charges	5,739,972	-	-	(5,739,972)	-	(5,739,972)
Total Governmental Activities	207,731,294	-	42,941,556	(164,789,738)	-	(164,789,738)
Business-Type Activities:						
Food Service	1,975,160	1,365,933	539,538	-	(69,689)	(69,689)
Total Business-Type Activities	1,975,160	1,365,933	539,538	-	(69,689)	(69,689)
Total Primary Government	\$ 209,706,454	\$ 1,365,933	\$ 43,481,094	(164,789,738)	(69,689)	(164,859,427)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				143,618,246	-	143,618,246
Property Taxes, Levied for Debt Service				5,629,536	-	5,629,536
Federal & State Aid Restricted				1,859,859	-	1,859,859
Federal & State Aid Not Restricted				18,528,823	-	18,528,823
Tuition Charges				661,808	-	661,808
Miscellaneous				900,607	-	900,607
Total General Revenues and Special Items				171,198,879	-	171,198,879
Change In Net Position				6,409,141	(69,689)	6,339,452
Net Position - Beginning				(12,729,734)	663,089	(12,066,645)
Net Position - Ending				(6,320,593)	593,400	(5,727,193)

B. Fund Financial Statements

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Governmental Funds

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2020

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
ASSETS					
Cash & Cash Equivalents	\$ 8,976,647	\$ 64,102	\$ 735,902	\$ 19,253	\$ 9,795,904
Receivables, Net:					
Interfund Receivable	-	-	-	7,341	7,341
Due from Other Governments:					
Federal	-	201,821	-	-	201,821
State	1,785,810	188,224	-	-	1,974,034
Other Receivables	167,510	-	-	-	167,510
Restricted Cash & Cash Equivalents	5,704,264	-	-	-	5,704,264
Total Assets	<u>\$ 16,634,231</u>	<u>\$ 454,147</u>	<u>\$ 735,902</u>	<u>\$ 26,594</u>	<u>\$ 17,850,874</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,924,539	\$ 165,074	\$ -	\$ -	\$ 4,089,613
Intergovernmental Payable:					
Federal	-	128,849	-	-	128,849
State	-	97,452	-	-	97,452
Interfund Payable	-	-	7,341	-	7,341
Unearned Revenue	573,445	62,772	-	-	636,217
Accrued Salaries and Wages	256,016	-	-	-	256,016
Total Liabilities	<u>4,754,000</u>	<u>454,147</u>	<u>7,341</u>	<u>-</u>	<u>5,215,488</u>
Fund Balances:					
Restricted for:					
Capital Reserve	2,354,491	-	-	-	2,354,491
Maintenance Reserve	1,060,533	-	-	-	1,060,533
Legal Reserve	2,289,240	-	-	-	2,289,240
Excess Surplus	989,299	-	-	-	989,299
Capital Projects	-	-	423,199	-	423,199
Debt Service	-	-	-	26,594	26,594
Assigned to:					
Other Purposes	3,411,700	-	305,362	-	3,717,062
Unassigned	1,774,968	-	-	-	1,774,968
Total Fund Balances	<u>11,880,231</u>	<u>-</u>	<u>728,561</u>	<u>26,594</u>	<u>12,635,386</u>
Total Liabilities & Fund Balances	<u>\$ 16,634,231</u>	<u>\$ 454,147</u>	<u>\$ 735,902</u>	<u>\$ 26,594</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 \$208,928,423 and the accumulated depreciation is \$115,546,165.	93,382,258
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows Related to Pensions	6,408,250
Deferred Inflows Related to Pensions	(14,503,558)
Deferred Outflow Related to the Loss on Bond Refunding of Debt	2,100,712
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(636,054)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,975,270)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(103,732,317)</u>
Net Position of Governmental Activities	<u>\$ (6,320,593)</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 143,618,246	\$ -	\$ -	\$ 5,629,536	\$ 149,247,782
Tuition Charges	661,808	-	-	-	661,808
Miscellaneous	893,266	116,635	-	7,341	1,017,242
Total Local Sources	145,173,320	116,635	-	5,636,877	150,926,832
State Sources	45,631,983	1,310,797	-	1,414,788	48,357,568
Federal Sources	130,692	3,625,157	-	-	3,755,849
Total Revenues	190,935,995	5,052,589	-	7,051,665	203,040,249
Expenditures:					
Current:					
Instruction:					
Regular Instruction	57,304,686	2,884,682	-	-	60,189,368
Special Education Instruction	18,837,432	-	-	-	18,837,432
Other Instruction	2,163,708	-	-	-	2,163,708
Support Services:					
Tuition	4,376,678	-	-	-	4,376,678
Attendance & Social Work Services	318,268	-	-	-	318,268
Health Services	2,227,847	-	-	-	2,227,847
Student & Instruction Related Services	12,675,042	1,722,836	-	-	14,397,878
General Administrative	2,207,880	-	-	-	2,207,880
School Administrative Services	6,363,562	-	-	-	6,363,562
Central Services	1,563,501	-	-	-	1,563,501
Administrative Information Technology	799,664	-	-	-	799,664
Plant Operations & Maintenance	14,310,896	-	-	-	14,310,896
Pupil Transportation	10,193,170	-	-	-	10,193,170
Unallocated Benefits	23,594,809	-	-	-	23,594,809
On Behalf TPAF Pension and Social Security Contributions	27,233,852	-	-	-	27,233,852
Capital Outlay	1,788,640	445,071	21,974	-	2,255,685
Debt Service:					
Principal	-	-	-	4,860,000	4,860,000
Interest & Other Charges	27,200	-	-	2,192,968	2,220,168
Costs of Issuance	-	-	-	172,297	172,297
Total Expenditures	185,986,835	5,052,589	21,974	7,225,265	198,286,663
Excess/(Deficiency) of Revenues Over Expenditures	4,949,160	-	(21,974)	(173,600)	4,753,586
Other Financing Sources (Uses):					
Refunding Debt Issuance	-	-	-	24,240,000	24,240,000
Proceeds of Refunding Bonds	-	-	-	4,413,442	4,413,442
Payment to Refunding Escrow	-	-	-	(28,481,145)	(28,481,145)
Total Other Financing Sources (Uses)	-	-	-	172,297	172,297
Net Changes in Fund Balances	4,949,160	-	(21,974)	(1,303)	4,925,883
Fund Balance, July 1	6,931,071	-	750,535	27,897	7,709,503
Fund Balance, June 30	\$ 11,880,231	\$ -	\$ 728,561	\$ 26,594	\$ 12,635,386

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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		\$ 4,925,883
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 depreciation exceeded capital outlays in the period.		
Depreciation Expense	(5,697,877)	
Retirement of Fully Depreciated Capital Asset	37,836	
Loss on Disposal of Capital Asset	(1,875,582)	
Capital Asset Additions	2,228,485	(5,307,138)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		576,620
Repayment of long-term debt principal and obligation of lease purchase agreements are 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.		
		10,112,000
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Refunding Bonds Issued	(24,240,000)	
Bonds Refunded	24,240,000	-
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
Loss on Bond Refunding	691,145	
Premium on Refunding Bond Issuance	(4,413,442)	
Amortization of Premium on Bonds	245,044	
Amortization of Loss on Bond Refunding	(100,403)	(3,577,656)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		57,852
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(378,420)
Change in Net Position of Governmental Activities		\$ 6,409,141

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Proprietary Funds

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EXHIBIT B-4

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

		<u>MAJOR FUNDS</u>
		<u>BUSINESS-TYPE</u>
		<u>ACTIVITIES -</u>
		<u>ENTERPRISE</u>
		<u>FUNDS</u>
		<u>FOOD</u>
		<u>SERVICE</u>
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$	10,405
Accounts Receivable:		
Federal		16,598
State		6,295
Other Receivables		10,945
		<hr/>
Total Current Assets		44,243
		<hr/>
Noncurrent Assets:		
Capital Assets		1,269,178
Less: Accumulated Depreciation		(548,735)
		<hr/>
Total Capital Assets, Net		720,443
		<hr/>
Total Noncurrent Assets		720,443
		<hr/>
Total Assets		764,686
		<hr/>
LIABILITIES		
Current Liabilities:		
Accounts Payable		28,094
Unearned Revenue		143,082
Other Current Liabilities		110
		<hr/>
Total Current Liabilities		171,286
		<hr/>
NET POSITION		
Net Investment in Capital Assets		720,443
Unrestricted		(127,043)
		<hr/>
Total Net Position	\$	<u>593,400</u>

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

EXHIBIT B-5

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS
	BUSINESS-TYPE
	ACTIVITIES -
	ENTERPRISE
	FUNDS
	FOOD
	SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 829,934
Daily Sales - Non-Reimbursable Programs	519,033
Special Functions	4,191
Miscellaneous	12,775
	1,365,933
Total Operating Revenues	1,365,933
Operating Expenses:	
Cost of Sales	715,576
Salaries	889,217
Supplies and Materials	45,265
Depreciation	73,802
Management and Administrative Fees	185,165
Other	66,135
	1,975,160
Total Operating Expenses	1,975,160
Operating Income/(Loss)	(609,227)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	23,613
Federal Sources:	
National School Lunch Program	405,267
National School Breakfast Program	51,141
Food Distribution Program	59,517
	539,538
Total Nonoperating Revenues/(Expenses)	539,538
Change in Net Position	(69,689)
Total Net Position - Beginning	663,089
Total Net Position - Ending	\$ 593,400

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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS
	BUSINESS-TYPE
	ACTIVITIES -
	ENTERPRISE
	FUNDS
	FOOD
	SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 1,430,712
Payments to Suppliers	(1,048,692)
	(507,197)
Net Cash Provided by/(Used for) Operating Activities	(507,197)
Cash Flows From Noncapital Financing Activities:	
State Sources	23,613
Federal Sources	456,408
	480,021
Net Cash Provided by/(Used for) Noncapital Financing Activities	480,021
Cash Flows From Capital & Related Financing Activities:	
Purchases of Capital Assets	(12,033)
	(12,033)
Net Cash Provided by/(Used for) Capital & Related Financing Activities	(12,033)
Net Increase/(Decrease) in Cash & Cash Equivalents	(39,209)
Balances - Beginning of Year	49,614
	49,614
Balances - End of Year	\$ 10,405
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (609,227)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	73,802
Food Distribution Program	59,517
(Increase)/Decrease in Accounts Receivable, Net	12,390
Increase/(Decrease) in Other Current Liabilities	(115)
Increase/(Decrease) in Unearned Revenue	52,389
Increase/(Decrease) in Accounts Payable	(95,953)
	102,030
Total Adjustments	102,030
Net Cash Provided/(Used) by Operating Activities	\$ (507,197)

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 SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>PRIVATE- PURPOSE SCHOLARSHIP FUND</u>	<u>AGENCY FUNDS</u>
ASSETS			
Cash & Cash Equivalents	\$ 421,128	\$ 616,440	\$ 5,111,321
Total Assets	<u>421,128</u>	<u>616,440</u>	<u>\$ 5,111,321</u>
LIABILITIES			
Payable for Student Related Activities	-	-	\$ 555,408
Payroll Deductions & Withholdings	<u>-</u>	<u>-</u>	<u>4,555,913</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 5,111,321</u>
NET POSITION			
Restricted - Held in Trust for Unemployment Claims & Other Purposes	421,128	-	
Restricted - Scholarships	<u>-</u>	<u>616,440</u>	
Total Net Position	<u>\$ 421,128</u>	<u>\$ 616,440</u>	

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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE PURPOSE SCHOLARSHIP FUND
ADDITIONS		
Contributions:		
Plan Member	\$ 145,724	\$ -
Other	-	54,795
Total Contributions	145,724	54,795
Investment Earnings:		
Interest	3,593	11,713
Net Investment Earnings	3,593	11,713
Total Additions	149,317	66,508
DEDUCTIONS		
Unemployment Claims	124,144	-
Scholarships Awarded	-	64,150
Total Deductions	124,144	64,150
Change in Net Position	25,173	2,358
Net Position - Beginning	395,955	614,082
Net Position - Ending	\$ 421,128	\$ 616,440

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Middletown Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The School 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 students. The School District has an approximate enrollment at June 30, 2020 of 9,533 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School 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 61, The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34, and GASB 80, Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14. The School District had no component units as of for the year ended June 30, 2020.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School 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 School District accompanied by a total column. Fiduciary activities of the School 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 School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

B. 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. The School District has presented all major funds that met those qualifications.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 School 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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District’s policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School 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 School 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 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.

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. 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.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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.

The School District reports the following 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 School 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 School 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 (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 School 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 one or more June 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.

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 School 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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Open encumbrances in the special revenue fund for which the School 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, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

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 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. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather when purchased.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in 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 acquisition value. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building and improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 School 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.

Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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 of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 School 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 School 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 into the following three components:

Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and February 3, 2020, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

During the year ended June 30, 2020, the COVID-19 pandemic spread across the State of New Jersey and the Nation as a whole. Although the effects of the pandemic are still ongoing, the District does not expect it to have a material impact on its financial position.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

Statement No. 95, Postponement of The Effective Dates of Certain Authoritative Guidance, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Pronouncements

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

- Statement No. 84, *Fiduciary Activities* will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 87, *Leases* will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* will be effective for reporting periods beginning after December 15, 2020.
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, *Conduit Debt Obligations* will be effective for reporting periods beginning after December 15, 2021.
- Statement No. 93, *Replacement of Interbank Offered Rates* will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will be effective for reporting periods beginning after December 15, 2019.

Management has not yet determined the potential impact on the School Districts financial statements.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Property Tax Information

Property Tax Revenues are collected in quarterly installments. Each quarter is due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the District’s annual budget, but also the amounts required in support of the budgets of the County of Monmouth and the Township of Middletown. Unpaid property taxes are subject to tax sale in accordance with statutes.

Note 2. Deposits and Investments

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 fund or other funds that 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, 2020, the School District’s bank balance of \$22,464,164 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	16,038,659
Uninsured and Uncollateralized		6,425,505
Total	\$	22,464,164

Investments

The School District had no investments at June 30, 2020.

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District by inclusion of \$1,275,000 in June of 2002 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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Reserve Accounts (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *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.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$	1,489,491
Increased by:			
Interest Earnings			12,986
Deposits Approved by Board			992,014
			2,494,491
Decreased by:			
Budget Withdrawals			140,000
			140,000
Ending Balance, June 30, 2020		\$	2,354,491

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$104,631,989. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District’s Long Rang Facilities Plan.

Maintenance Reserve

The School District established a maintenance reserve account by inclusion of \$1,000,000 in June of 2011 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District’s approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Reserve Accounts (Continued)

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	555,533
Increased by:		
Deposits Approved by Board		505,000
Ending Balance, June 30, 2020	\$	1,060,533

Legal Reserve

The District established a legal reserve for funds not paid out during the school year for a settlement reached in regards to the early retirement incentive program.

Beginning Balance, July 1, 2019	\$	1,526,240
Increased by:		
Deposits Approved by Board		763,000
Ending Balance, June 30, 2020	\$	2,289,240

Note 4. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2020, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental Activities
	General Fund	Special Revenue Fund	
Federal Awards	\$ -	\$ 201,821	\$ 201,821
State Awards	1,785,810	188,224	1,974,034
Tuition	167,510	-	167,510
Total	\$ 1,953,320	\$ 390,045	\$ 2,343,365

<u>Description</u>	Proprietary Funds	Total Business-Type Activities
	Food Service Fund	
Federal Awards	\$ 16,598	\$ 16,598
State Awards	6,295	6,295
Other	10,945	10,945
Total	\$ 33,838	\$ 33,838

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Governmental Activities			
	Balance July 1, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,909,500	\$ -	\$ -	\$ 16,909,500
Construction in Progress	3,349,898	111,163	(1,875,582)	1,585,479
Total Capital Assets not being depreciated	<u>20,259,398</u>	<u>111,163</u>	<u>(1,875,582)</u>	<u>18,494,979</u>
Capital Assets being depreciated:				
Land Improvements	9,588,403	-	-	9,588,403
Buildings and Improvements	168,456,830	586,900	202,889	169,246,619
Equipment	10,274,358	1,530,422	(206,358)	11,598,422
Total Capital Assets being depreciated	<u>188,319,591</u>	<u>2,117,322</u>	<u>(3,469)</u>	<u>190,433,444</u>
Less: Accumulated Depreciation:				
Land Improvements	(4,957,669)	(367,612)	-	(5,325,281)
Buildings and Improvements	(99,171,206)	(4,828,705)	-	(103,999,911)
Equipment	(5,760,718)	(501,560)	41,305	(6,220,973)
Total Accumulated Depreciation	<u>(109,889,593)</u>	<u>(5,697,877)</u>	<u>41,305</u>	<u>(115,546,165)</u>
Total Capital Assets being depreciated, net	<u>78,429,998</u>	<u>(3,580,555)</u>	<u>37,836</u>	<u>74,887,279</u>
Total Governmental Activities Capital Assets, net	<u>\$ 98,689,396</u>	<u>\$ (3,469,392)</u>	<u>\$ (1,837,746)</u>	<u>\$ 93,382,258</u>
	Business-Type Activities			
	Balance July 1, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Business-Type Activities:				
Buildings	\$ 414,448	\$ -	\$ -	\$ 414,448
Equipment	842,697	12,033	-	854,730
Total Capital Assets being depreciated	<u>1,257,145</u>	<u>12,033</u>	<u>-</u>	<u>1,269,178</u>
Less: Accumulated Depreciation:				
Buildings	(40,850)	(20,722)	-	(61,572)
Equipment	(434,083)	(53,080)	-	(487,163)
Total Capital Assets being depreciated, net	<u>(474,933)</u>	<u>(73,802)</u>	<u>-</u>	<u>(548,735)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 782,212</u>	<u>\$ (61,769)</u>	<u>\$ -</u>	<u>\$ 720,443</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the School District as follows:

Governmental Activities

Instruction:

Regular Instruction	\$	2,486,060
Special Education Instruction		778,061
Other Instruction		89,370

Support Services:

Tuition		180,774
Student & Instruction Related Services		699,854
General Administrative		91,194
School Administrative Services		262,840
Central Services		64,579
Administrative Info. Technology		33,029
Plant Operations & Maintenance		591,097
Pupil Transportation		421,019

Total Depreciation Expense - Governmental Activities	\$	<u>5,697,877</u>
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Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Capital Projects Fund	\$ -	\$ 7,341
Debt Service Fund	7,341	-
	<u>\$ 7,341</u>	<u>\$ 7,341</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.

A summary of interfund transfers is as follows:

There were no interfund transfers for the year ended June 30, 2020.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Balance Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 55,485,000	\$ 24,240,000	\$ 32,650,000	\$ 47,075,000	\$ 5,070,000
Capital Leases	11,352,000	-	1,702,000	9,650,000	755,000
Unamortized Bond Premiums	2,538,216	4,413,442	245,044	6,706,614	735,426
Compensated Absences	4,186,387	523,612	145,192	4,564,807	-
Net Pension Liability	39,307,270	20,818,624	24,389,998	35,735,896	-
	<u>\$ 112,868,873</u>	<u>\$ 49,995,678</u>	<u>\$ 59,132,234</u>	<u>\$ 103,732,317</u>	<u>\$ 6,560,426</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the net pension liability are liquidated by the general fund.

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.

During June 2020, the School District issued \$24,240,000 of Refunding Bonds to refund the callable portion of the outstanding 2010 Bond Issue. The Refunding Bonds generated \$4,869,050 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 \$4,754,481.50, or a net annual present value savings of 2.5056%. The Refunding Bonds were issued at an interest rate of 5.00% and mature on August 1, 2027.

During May 2014, the School District issued \$19,379,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 3.00% and mature on August 1, 2029.

During January 2013, the School District issued \$7,767,000 of Refunding Bonds to refund the callable portion of the outstanding 2002 Bond Issue. The Refunding 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 Refunding Bonds were issued at interest rates varying from 1.50% to 4.00% and mature on August 1, 2027.

During May 2010, the School District issued \$55,665,000 of Refunding Bonds to refund the callable portion of the outstanding 2001 Bond Issue. The Refunding 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 Refunding Bonds were issued at interest rates varying from 2.50% to 5.00% and were refunded in June 2020.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 7. Long-Term Obligations (Continued)

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,070,000	\$ 1,323,918	\$ 6,393,918
2022	4,860,000	1,603,243	6,463,243
2023	5,080,000	1,398,918	6,478,918
2024	5,295,000	1,188,705	6,483,705
2025	5,530,000	973,570	6,503,570
2026-2030	21,240,000	1,556,350	22,796,350
	<u>\$ 47,075,000</u>	<u>\$ 8,044,704</u>	<u>\$ 55,119,704</u>

Capital Lease Payable

The School District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to fifteen 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, 2020:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ 1,075,380
2022	885,314
2023	905,726
2024	819,810
2025	841,052
2026-2030	4,537,684
2031-2033	<u>3,008,701</u>
Total Minimum Lease Payments	12,073,667
Less: Amount Representing Interest	<u>(2,423,667)</u>
Present Value of Minimum Lease Payments	<u>\$ 9,650,000</u>

Amortization of the leased equipment and improvements under capital assets is included with depreciation expense.

Bonds Authorized but not Issued

As of June 30, 2020, the School District had no bonds authorized but not issued.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

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 <http://www.nj.gov/treasury/pensions/financial-reports.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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* 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 2019, the State's pension contribution was less than the actuarial determined amount.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$35,735,896 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was 0.1983291065%, which was a decrease of 0.0013065735% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$1,368,313 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 641,413	\$ 157,865
Changes of Assumptions	3,568,360	12,403,816
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	564,105
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	223,207	1,377,772
School District contributions subsequent to measurement date	<u>1,975,270</u>	-
	<u>\$ 6,408,250</u>	<u>\$ 14,503,558</u>

\$1,975,270 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending June 30,		
2021	\$	(1,995,157.00)
2022		(3,020,194.00)
2023		(3,364,126.00)
2024		(1,535,062.00)
2025		(156,039.00)
	<u>\$</u>	<u>(10,070,578.00)</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate	2.75%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2019 are summarized in the following table:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(5.28%)</u>	At Current Discount Rate <u>(6.28%)</u>	At 1% Increase <u>(7.28%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 45,454,271	\$ 35,735,896	\$ 28,004,877

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/2020</u>		<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 3,149,522,616	\$	4,684,852,302
Collective Deferred Inflows of Resources	\$ 7,645,087,574	\$	7,646,736,226
Collective Net Pension Liability	\$ 18,143,832,135	\$	19,689,501,539
School District's portion	0.19833%		0.19964%

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.nj.gov/treasury/pensions/financial-reports.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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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.

Contributions - The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. 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 2019, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$442,517,677.00. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.7210540513%, which was a decrease of 0.0026797131% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$26,100,876.00 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2019 measurement date.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions –The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2026	1.55% - 4.45%
Thereafter	1.55% - 4.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2019 are summarized in the following table:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(4.60%)</u>	At Current Discount Rate <u>(5.60%)</u>	At 1% Increase <u>(6.60%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 521,826,285	\$ 442,517,677	\$ 376,716,575

Pension Plan Fiduciary Net Position - 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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Collective Deferred Inflows of Resources	\$ 17,736,240,054	\$ 16,381,811,884
Collective Net Pension Liability	\$ 61,519,112,443	\$ 63,806,350,446
State's Proportionate Share associated with the District	0.72105%	0.72373%

B. Defined Contribution Retirement Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2019 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% 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% contribution from the School District.

For the year ended June 30, 2020, employee contributions totaled \$198,948 and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$108,013.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey 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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:				
Through 2026		1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on age
Thereafter		1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$287,788,741. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the School District was 0.6896599057%, which was an increase of 0.0026622514% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$6,575,340 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2019 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 339,992,229	\$ 287,788,741	\$ 246,321,151
State of New Jersey's Total Nonemployer OPEB Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 237,125,095	\$ 287,788,741	\$ 354,857,005
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	-	\$ (10,484,965,300)
Change in Assumptions	-	\$ (8,481,529,343)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	\$ -	\$ (18,966,494,643)

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2020	\$	(2,546,527,182)
2021	\$	(2,546,527,182)
2022	\$	(2,546,527,182)
2023	\$	(2,546,527,182)
2024	\$	(2,546,527,182)
Thereafter	\$	(6,233,858,733)
	<u>\$</u>	<u>(18,966,494,643)</u>

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
	364,943

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability		
Service Cost	\$	1,734,404,850
Interest Cost		1,827,787,206
Difference Between Expected & Actual Experience		(7,323,140,818)
Changes of Assumptions		622,184,027
Contributions: Member		37,971,171
Gross Benefit Payments		(1,280,958,373)
Net Change in Total OPEB Liability		(4,381,751,937)
Total OPEB Liability (Beginning)		46,110,832,982
Total OPEB Liability (Ending)		41,729,081,045
Total Covered Employee Payroll		13,929,083,479
Net OPEB Liability as a Percentage of Payroll		300%

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$15,737,650, \$5,838,380 and \$13,079, respectively.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 11. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School 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 trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -	\$ 149,317	\$ 124,144	\$ 421,128
2018-2019	-	\$ 156,295	\$ 189,786	\$ 395,955
2017-2018	-	\$ 152,238	\$ 107,333	\$ 429,446

Property and Liability Insurance – The School 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.

Joint Insurance Pool – The School District also participates in the Monmouth-Ocean Shared Services Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property - Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The School 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 School 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, 2020 may be impaired. In the opinion of the School 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.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020 (Continued)**

Note 12. Contingencies (Continued)

Economic Dependency – The School 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 School District’s programs and activities.

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Metropolitan Life	AIG	Security Benefit
Lincoln Financial Life	Security Benefit/NEA Value Builder	USAA
AXA Equitable	Lincoln Investment Planning, Inc.	403(b) ASP
	AXA Equitable/Penserve	

Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2020, the liability for compensated absences reported was \$4,564,807.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)

Note 15. Tax Abatements (Continued)

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. 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, 2020 was \$989,299.

Note 17. Fund Balances

General Fund – Of the \$11,880,231 General Fund fund balance at June 30, 2020, \$2,354,491 has been restricted for the Capital Reserve Account; \$1,060,533 has been restricted for the Maintenance Reserve Account; \$2,289,240 has been restricted for legal reserve; \$989,299 has been restricted for current year excess surplus; \$3,411,700 has been assigned to other purposes; and \$1,774,968 has been unassigned.

Capital Projects Fund – Of the \$728,561 Capital Projects Fund fund balance at June 30, 2020, \$423,199 is restricted for future capital projects approved by the School District and \$305,362 has been assigned to other purposes.

Debt Service Fund – Of the \$26,594 Debt Service Fund fund balance at June 30, 2020, \$26,594 is restricted for future debt service payments.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$45,515,305 at June 30, 2020. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2020. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
10-1210	\$ 143,618,246	\$ -	\$ 143,618,246	\$ -
10-1310	400,000	-	400,000	478,121
10-1320	200,000	-	200,000	183,687
10-1420	630,029	-	630,029	549,533
10-1511	5,000	(5,000)	-	-
10-1512	5,000	(5,000)	-	-
10-1910	30,000	-	30,000	12,790
10-1950	330,000	10,000	340,000	330,943
Total Local Sources	145,218,275	-	145,218,275	145,173,320
State Sources:				
10-3121	3,160,000	-	3,160,000	-
10-3131	1,500,000	-	1,500,000	1,613,205
10-3132	7,019,398	-	7,019,398	7,019,398
10-3176	966,925	-	966,925	966,925
10-3177	861,307	-	861,307	861,307
10-3178	4,607,043	-	4,607,043	4,607,043
10-3190	-	-	-	125,796
Nonbudgeted:				
	-	-	-	5,838,380
	-	-	-	15,737,650
	-	-	-	13,079
	-	-	-	5,644,743
Total State Sources	18,114,673	-	18,114,673	45,587,526
Federal Sources:				
10-4200	210,042	-	210,042	130,692
Total Federal Sources	210,042	-	210,042	130,692
Total Revenues	163,542,990	-	163,542,990	190,891,538
				27,348,548

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	11-110-100-101	2,736,968	(413,470)	2,323,498	-
Grades 1-5 - Salaries of Teachers	11-120-100-101	19,070,057	(754,515)	18,315,542	10,023
Grades 6-8 - Salaries of Teachers	11-130-100-101	12,967,321	(219,368)	12,747,953	65,761
Grades 9-12 - Salaries of Teachers	11-140-100-101	16,148,042	(578,195)	15,569,847	82,233
Regular Programs - Home Instruction:					
Salaries of Teachers	11-150-100-101	125,000	-	125,000	67,197
Purchased Professional - Educational Services	11-150-100-320	52,815	10,000	62,815	50,897
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11-190-100-106	2,244,195	(435,073)	1,809,122	30,663
Purchased Professional - Educational Services	11-190-100-320	436,007	1,495,165	1,931,172	13,062
Purchased Technical Services	11-190-100-340	297,900	31,402	329,302	18,979
Other Purchased Services	11-190-100-500	134,812	(78,281)	56,531	2,725
General Supplies	11-190-100-610	3,578,668	1,144,579	4,723,247	854,012
Textbooks	11-190-100-640	327,782	146,070	473,852	11
Other Objects	11-190-100-800	45,000	(12,632)	32,368	-
Total Regular Programs - Instruction		58,164,567	335,682	58,500,249	1,195,563
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	11-204-100-101	1,583,286	(62,821)	1,520,465	-
Other Salaries for Instruction	11-204-100-106	1,083,640	(265,095)	818,545	22,221
Unused Sick Pay to Staff	11-204-100-299	-	-	-	-
Purchased Professional - Educational Services	11-204-100-320	-	91,652	91,652	-
General Supplies	11-204-100-610	8,040	(5,589)	2,451	195
Textbooks	11-204-100-640	2,000	(2,000)	-	-
Total Learning and/or Language Disabilities		2,676,966	(243,853)	2,433,113	22,416
Behavioral Disabilities:					
Salaries of Teachers	11-209-100-101	642,115	(10,143)	631,972	-
Other Salaries for Instruction	11-209-100-106	417,369	10,814	428,183	7,983
Purchased Professional - Educational Services	11-209-100-320	-	25,092	25,092	-
General Supplies	11-209-100-610	5,000	(5,000)	-	-
Textbooks	11-209-100-640	1,000	1,212	2,212	240
Other Objects	11-209-100-800	3,000	(3,000)	-	-
Total Behavioral Disabilities		1,068,484	18,975	1,087,459	8,223

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Multiple Disabilities:					
Salaries of Teachers	11-212-100-101	455,057	(6,560)	448,497	448,497
Other Salaries for Instruction	11-212-100-106	846,068	21,570	867,638	836,259
Purchased Professional - Educational Services	11-212-100-320	-	28,291	28,291	28,291
General Supplies	11-212-100-610	5,000	(1,859)	3,141	3,116
Textbooks	11-212-100-640	2,000	(2,000)	-	-
Other Objets	11-212-100-800	10,000	(10,000)	-	-
Total Multiple Disabilities		1,318,125	29,442	1,347,567	1,316,163
Resource Room/Resource Center:					
Salaries of Teachers	11-213-100-101	10,051,979	87,402	10,139,381	10,139,381
Other Salaries	11-213-100-106	121,851	287,332	409,183	397,797
Purchased Professional - Educational Services	11-213-100-320	-	158,050	158,050	145,855
General Supplies	11-213-100-610	13,640	(7,998)	5,642	5,151
Textbooks	11-213-100-640	5,000	(5,000)	-	-
Total Resource Room/Resource Center		10,192,470	519,786	10,712,256	10,688,184
Autism:					
Salaries of Teachers	11-214-100-101	781,596	(35,127)	746,469	746,469
Other Salaries for Instruction	11-214-100-106	1,096,074	21,114	1,117,188	1,063,806
Purchased Professional - Educational Services	11-214-100-320	-	20,825	20,825	20,825
General Supplies	11-214-100-610	5,000	-	5,000	4,019
Textbooks	11-214-100-640	500	-	500	500
Other Objects	11-214-100-800	4,000	(4,000)	-	-
Total Autism		1,887,170	2,812	1,889,982	1,835,119
Preschool Disabilities - Full-Time:					
Salaries of Teachers	11-216-100-101	893,539	16,777	910,316	910,316
Other Salaries for Instruction	11-216-100-106	307,402	74,056	381,458	375,406
Purchased Professional - Educational Services	11-216-100-320	-	16,476	16,476	16,476
General Supplies	11-216-100-600	6,000	(1,000)	5,000	3,909
Total Preschool Disabilities - Full-Time		1,206,941	106,309	1,313,250	1,306,107
Home Instruction:					
Salaries of Teachers	11-219-100-101	130,000	15,532	145,532	145,532
Purchased Professional - Educational Services	11-219-100-320	65,738	46,468	112,206	56,394
Total Home Instruction		195,738	62,000	257,738	201,926
Total Special Education - Instruction		18,545,894	495,471	19,041,365	18,837,432
Total		29,884,889	1,109,510	30,994,399	30,386,933

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
School-Sponsored Co-curricular/Extra Curricular Activities - Instruction: Salaries	581,483	-	581,483	48,193
Total School-Sponsored Co-curricular/Extra Curricular Activities - Instruction	581,483	-	581,483	48,193
School-Sponsored Athletics - Instruction: Salaries	1,088,460	-	1,088,460	4,492
Purchased Services	-	-	-	-
Supplies and Materials	186,500	(45,805)	140,695	3,984
Other Objects	411,000	(77,214)	333,786	25,577
Total School-Sponsored Athletics - Instruction	1,685,960	(123,019)	1,562,941	34,053
Before/After School Programs - Instruction: Salaries of Teachers	105,000	-	105,000	84,207
Total Before/After School Programs - Instruction	105,000	-	105,000	84,207
Summer School - Instruction: Salaries of Teachers	85,000	-	85,000	4,263
Total Summer School - Instruction	85,000	-	85,000	4,263
Undistributed Expenditures - Instruction (Tuition): Tuition to Other LEAs Within State - Regular	50,000	-	50,000	50,000
Tuition to Other LEAs Within State - Special	223,000	(155,000)	68,000	32,665
Tuition to County Vocational School - Regular	1,200,000	(67,350)	1,132,650	23,106
Tuition to County Vocational School - Special	425,000	67,350	492,350	12,309
Tuition to County Special Services & Regular Day Schools	1,005,000	(191,835)	813,165	64,016
Tuition to Private School Disabled Within State	2,870,451	(297,869)	2,572,582	717,898
Tuition to Private School Disabled Outside State	125,000	50,000	175,000	85,000
Tuition - State Facilities	57,925	-	57,925	-
Total Undistributed Expenditures - Instruction (Tuition)	5,956,376	(594,704)	5,361,672	984,994
Undistributed Expenditures Attendance and Social Work: Salaries	294,200	(9,592)	284,608	-
Other Purchased Services	500	-	500	500
Other Objects	35,000	(1,000)	34,000	340
Total Undistributed Expenditures Attendance and Social Work	329,700	(10,592)	319,108	840

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undistributed Expenditures - Health Services:						
Salaries	11-000-213-100	1,873,634	(128,099)	1,745,535	1,677,698	67,837
Unused Sick Payments to Staff	11-000-213-299	-	-	-	-	-
Purchased Professional & Technical Services	11-000-213-300	1,010,395	(2,521)	1,007,874	499,524	508,350
Other Purchased Services	11-000-213-500	1,500	(1,500)	-	-	-
Supplies and Materials	11-000-213-600	34,000	5,000	39,000	35,596	3,404
Other Objects	11-000-213-800	41,093	4,792	45,885	15,029	30,856
Total Undistributed Expenditures - Health Services		2,960,622	(122,328)	2,838,294	2,227,847	610,447
Undistributed Expenditures - Speech, OT, PT and Related Services:						
Salaries	11-000-216-100	1,620,480	(30,840)	1,589,640	1,589,640	-
Purchased Professional - Educational Services	11-000-216-320	1,068,874	48,749	1,117,623	936,479	181,144
Supplies and Materials	11-000-216-600	44,000	(22,486)	21,514	21,069	445
Total Undistributed Expenditures - Speech, OT, PT and Related Services		2,733,354	(4,577)	2,728,777	2,547,188	181,589
Undistributed Expenditures - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	2,015,023	(62,479)	1,952,544	1,952,544	-
Salaries of Secretaries & Clerical Assistants	11-000-218-105	270,343	4,500	274,843	274,843	-
Purchased Professional - Educational Services	11-000-218-320	153,800	(29,336)	124,464	119,743	4,721
Total Undistributed Expenditures - Guidance		2,439,166	(87,315)	2,351,851	2,347,130	4,721
Undistributed Expenditures - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	4,634,979	129,221	4,764,200	4,762,154	2,046
Salaries of Secretaries & Clerical Assistants	11-000-219-105	387,715	(16,236)	371,479	371,479	-
Unused Vacation Payment	11-000-219-199	-	14,580	14,580	14,580	-
Purchased Professional - Educational Services	11-000-219-320	1,102,732	388,720	1,491,452	1,362,546	128,906
Other Purchased Services	11-000-219-500	11,500	(11,500)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	3,922	3,365	7,287	2,423	4,864
Supplies and Materials	11-000-219-600	61,000	27,384	88,384	86,500	1,884
Other Objects	11-000-219-800	2,500	3,020	5,520	4,470	1,050
Total Undistributed Expenditures - Child Study Teams		6,204,348	538,554	6,742,902	6,604,152	138,750
Undistributed Expenditures - Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	515,187	67,101	582,288	582,288	-
Supplies and Materials	11-000-221-600	21,447	(6,090)	15,357	14,576	781
Total Undistributed Expenditures - Improvement of Instruction Services		536,634	61,011	597,645	596,864	781

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Educational Media Services/Library:					
Salaries	11-000-222-100	388,733	(23,484)	365,249	-
Supplies and Materials	11-000-222-600	44,974	(13,660)	31,314	264
Total Undistributed Expenditures - Educational Media Services/Library		433,707	(37,144)	396,563	264
Undistributed Expenditures - Instructional Staff Training Services:					
Other Salaries	11-000-223-110	261,253	(42,352)	218,901	144,296
Purchased Professional - Educational Services	11-000-223-320	56,500	(41,640)	14,860	-
Other Purchased Services	11-000-223-500	84,212	(59,062)	25,150	897
Total Undistributed Expenditures - Instructional Staff Training Services		401,965	(143,054)	258,911	75,502
Undistributed Expenditures - Support Services - General Administration:					
Salaries	11-000-230-100	1,305,384	60,713	1,366,097	-
Unused Vacation Payment to Staff	11-000-230-199	15,000	(15,000)	-	-
Unused Sick Payment to Staff	11-000-230-299	5,000	(5,000)	-	-
Legal Services	11-000-230-331	427,148	(81,566)	345,582	267,093
Audit Fees	11-000-230-332	93,000	1,394	94,394	45,394
Architectural/Engineering Services	11-000-230-334	69,830	(9,490)	60,340	57,460
Other Purchased Professional Services	11-000-230-339	500	250	750	-
Purchased Technical Services	11-000-230-340	97,807	18,311	116,118	74,099
Communications/Telephone	11-000-230-530	338,648	(59,102)	279,546	269,073
Travel	11-000-230-580	-	4,411	4,411	-
BOE Other Purchased Professional Services	11-000-230-585	4,000	-	4,000	1,388
Other Purchased Services	11-000-230-590	30,500	(2,883)	27,617	25,000
General Supplies	11-000-230-610	-	-	-	-
BOE In-House Training/Meeting Supplies	11-000-230-630	2,500	-	2,500	1,350
Judgements Against School District	11-000-230-820	45,000	25,168	70,168	-
Miscellaneous Expenditures	11-000-230-890	29,352	(411)	28,941	20,293
BOE Membership Dues and Fees	11-000-230-895	28,290	-	28,290	26,663
Total Undistributed Expenditures - Support Services - General Administration		2,491,959	(63,205)	2,428,754	2,207,880

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -				
Support Services - School Administration:				
Salaries of Principals/Assistant Principals	4,027,715	65,818	4,093,533	-
Salaries of Other Professional Staff	424,060	7,066	431,126	-
Salaries of Secretaries & Clerical Assistants	1,951,967	(161,924)	1,790,043	-
Unused Vacation Payment to Staff	25,000	1,327	26,327	-
Unused Sick Payment to Staff	25,000	(25,000)	-	-
Purchased Professional & Technical Services	-	16,622	16,136	486
Other Objects	42,700	(26,380)	16,320	6,397
	6,496,442	(122,471)	6,373,971	10,409
Total Undistributed Expenditures -				
Support Services - School Administration				
Undistributed Expenditures - Central Services:				
Salaries	1,271,180	791	1,271,971	-
Unused Vacation Payment to Staff	25,000	-	25,000	2,622
Unused Sick Payment to Staff	10,000	(10,000)	-	-
Purchased Professional Services	-	30,000	30,000	-
Purchased Technical Services	98,000	84,285	182,285	82
Miscellaneous Purchased Services	41,480	(17,751)	23,729	1,204
Supplies and Materials	40,859	(13,819)	27,040	1,740
Other Objects	12,100	-	12,100	2,976
	1,498,619	73,506	1,572,125	8,624
Total Undistributed Expenditures - Central Services				
Undistributed Expenditures -				
Administrative Information Technology:				
Salaries	694,871	20,627	715,498	-
Purchased Technical Services	90,150	-	90,150	9,181
Other Purchased Services	4,282	100	4,382	1,370
Other Objects	300	(100)	200	185
	789,603	20,627	810,230	10,566
Total Undistributed Expenditures -				
Administrative Information Technology				

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -				
Required Maintenance for School Facilities:				
Salaries	2,118,845	(178,561)	1,940,284	1,940,284
Unused Vacation Payment to Staff	5,000	36,382	41,382	-
Unused Sick Payments to Staff	2,500	4,860	7,360	-
Cleaning, Repair & Maintenance Services	1,411,351	(221,262)	1,190,089	63,209
Travel	175	(175)	-	-
General Supplies	597,039	37,236	634,275	39,087
Other Objects	6,000	(6,000)	-	-
Total Undistributed Expenditures -	4,140,910	(327,520)	3,813,390	102,296
Required Maintenance for School Facilities				
Undistributed Expenditures - Custodial Services:				
Salaries	3,599,436	(48,489)	3,550,947	3,524,412
Salaries of Non-Instructional Aids	129,123	(109,120)	20,003	-
Unused Vacation Payment to Staff	5,000	49,932	54,932	-
Unused Sick Payment to Staff	2,500	13,883	16,383	-
Purchased Professional & Technical Services	85,539	(8,029)	77,510	14,800
Cleaning, Repair & Maintenance Services	361,302	(75,251)	286,051	279,321
Lease Purchase Payment - ESIP	1,265,758	(230,667)	1,035,091	6,730
Other Purchased Property Services	235,000	(597)	234,403	5,233
Insurance	910,400	29,537	939,937	450
Travel	-	1,053	1,053	-
Miscellaneous Purchased Services	2,000	(2,000)	-	-
General Supplies	366,826	386,139	752,965	187,229
Energy (Natural Gas)	500,000	187,026	687,026	53,425
Energy (Electricity)	1,500,000	(190,000)	1,310,000	46,978
Energy (Gasoline)	75,000	-	75,000	18,354
Other Objects	13,075	62,904	75,979	65,725
Total Undistributed Expenditures - Custodial Services	9,050,959	66,321	9,117,280	473,369
Undistributed Expenditures -				
Care and Upkeep of Grounds:				
Salaries	569,426	57,104	626,530	6,973
Cleaning, Repair & Maintenance Services	263,912	9,525	273,437	29,261
General Supplies	153,086	(8,345)	144,741	55,997
Total Undistributed Expenditures -	986,424	58,284	1,044,708	92,231
Care and Upkeep of Grounds				

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Security:					
Salaries	11-000-266-100	890,068	55,619	945,687	942,380
General Supplies	11-000-266-610	73,129	(4,041)	69,088	61,034
Other Objects	11-000-266-800	1,000	-	1,000	-
Total Security		964,197	51,578	1,015,775	1,003,414
Undistributed Expenditures -					
Student Transportation Services:					
Salaries of Pupil Transportation (Between Home & School) - Regular	11-000-270-160	196,436	-	196,436	192,481
Contract Services - Aid in Lieu Payments - Non Public Schools	11-000-270-503	160,000	-	160,000	104,967
Contract Services (Between Home & School) - Vendors	11-000-270-511	3,622,508	(84,321)	3,538,187	3,371,732
Contract Services (Other Than Between Home & School) - Vendors	11-000-270-512	472,866	(83,145)	389,721	311,550
Contract Services (Between Home & School) - Joint Agreement	11-000-270-513	577,714	(231,710)	346,004	305,801
Contract Services (Special Education) - Vendors	11-000-270-514	5,796,821	440,200	6,237,021	5,895,698
Travel	11-000-270-580	-	800	800	181
Miscellaneous Purchased Services - Transportation	11-000-270-593	800	(800)	-	-
General Supplies	11-000-270-610	700	-	700	333
Miscellaneous Expenditures	11-000-270-800	21,500	(6,060)	15,440	10,427
Total Undistributed Expenditures -		10,849,345	34,964	10,884,309	10,193,170
Student Transportation Services					
Unallocated Benefits:					
Social Security Contributions	11-000-291-220	1,900,000	(260,944)	1,639,056	1,613,300
TPAF Contributions - ERIP	11-000-291-232	763,000	-	763,000	-
Other Retirement Contributions - PERS	11-000-291-241	2,185,353	(104,840)	2,080,513	2,080,513
Workmen's Compensation	11-000-291-260	1,139,130	202,564	1,341,694	1,341,694
Health Benefits	11-000-291-270	18,564,262	(240,531)	18,323,731	18,322,303
Tuition Reimbursement	11-000-291-280	70,000	-	70,000	70,000
Other Employee Benefits	11-000-291-290	24,200	(2,393)	21,807	21,807
Unused Sick Payment to Staff	11-000-291-299	105,000	40,192	145,192	145,192
Total Unallocated Benefits		24,750,945	(365,952)	24,384,993	23,594,809
Nonbudgeted:					
TPAF - Post Retirement Medical (Noncash Assistance)		-	-	-	5,838,380
TPAF - Pension Contributions (Noncash Assistance)		-	-	-	15,737,650
TPAF - Long-Term Disability Insurance (Noncash Assistance)		-	-	-	13,079
Reimbursed TPAF Social Security Contributions		-	-	-	5,644,743
Total Undistributed Expenditures		84,015,275	(974,017)	83,041,258	105,865,169
Total Expenditures - Current Expense		163,183,179	(265,883)	162,917,296	184,170,995
					(21,253,699)

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Equipment:					
Grades 1-5	12-120-100-730	-	26,160	26,160	2,800
Grades 6-8	12-130-100-730	14,085	3,098	17,183	-
Grades 9-12	12-140-100-730	289,048	23,344	312,392	3,589
Multiple Disabilities	12-212-100-730	25,000	(1,000)	24,000	5,779
School-Sponsored & Other Instructional Programs	12-400-100-730	20,000	7,138	27,138	341
Undistributed Expenditures:					
Instruction	12-000-100-730	280,000	-	280,000	1,746
Central Services	12-000-251-730	200,000	(78,141)	121,859	11,926
Undist. Exp. - Care & Upkeep of Grounds	12-000-263-730	71,100	21,798	92,898	29,305
Undist. Exp. - Security	12-000-266-730	10,000	(10,000)	-	-
Non-Instructional Services	12-000-300-730	-	245,986	245,986	49,909
Total Equipment		909,233	238,383	1,147,616	105,395
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	12-000-400-334	11,201	-	11,201	1,036
Construction Services	12-000-400-450	770,783	37,500	808,283	72,029
Assessment for Debt Service on SDA Funding	12-000-400-896	27,200	-	27,200	-
Total Facilities Acquisition & Construction Services		809,184	37,500	846,684	73,065
Total Capital Outlay		1,718,417	275,883	1,994,300	178,460
Total Expenditures		164,901,596	10,000	164,911,596	(21,075,239)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)		(1,358,606)	(10,000)	(1,368,606)	6,273,309
Other Financing Sources/(Uses):					
Interest Deposit to Capital Reserve		(5,000)	5,000	-	-
Interest Earned on Maintenance Reserve		(5,000)	5,000	-	-
Total Other Financing Sources/(Uses)		(10,000)	10,000	-	-

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020		VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS FINAL BUDGET	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(1,368,606)	-	4,904,703
Fund Balances, July 1	8,614,621	-	8,614,621
Fund Balances, June 30	\$ 7,246,015	\$ -	\$ 13,519,324
			\$ 6,273,309

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 2,354,491
Maintenance Reserve	1,060,533
Legal Reserve	2,289,240
Excess Surplus	989,299
Assigned Fund Balance:	
Year-End Encumbrances	3,411,700
Unassigned Fund Balance	3,414,061
Subtotal	13,519,324
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not recognized on GAAP basis	(1,639,093)
Fund Balance per Governmental Funds (GAAP)	\$ 11,880,231

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL (OVER/ UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources	\$ 70,000	\$ 49,844	\$ 119,844	\$ 3,209
State Sources	1,443,975	27,373	1,471,348	160,551
Federal Sources	2,915,223	1,193,528	4,108,751	531,400
Total Revenues	4,429,198	1,270,745	5,699,943	695,160
Expenditures:				
Instruction:				
Salaries of Teachers	447,770	200,000	647,770	232,867
Purchased Professional - Educational Services	20,000	16,956	36,956	3,004
Other Purchased Services (400-500 Series)	2,107,908	245,517	2,353,425	273,478
General Supplies	80,774	108,382	189,156	31,222
Textbooks	126,135	-	126,135	1,682
Other Objects	25,000	8,567	33,567	7,880
Total Instruction	2,807,587	579,422	3,387,009	550,133
Support Services:				
Salaries of Other Professional Staff	-	36,563	36,563	16,844
Personal Services - Employee Benefits	125,304	9,932	135,236	6,387
Purchased Educational Services	655,165	224,474	879,639	143,638
Supplies and Materials	395,444	419,792	815,236	46,758
Other Objects	-	562	562	432
Total Support Services	1,175,913	691,323	1,867,236	144,400
Facilities Acquisition & Construction Services:				
Noninstructional Equipment	445,698	-	445,698	627
Total Facilities Acquisition & Construction Services	445,698	-	445,698	627
Total Expenditures	4,429,198	1,270,745	5,699,943	695,160
Total Outflows	4,429,198	1,270,745	5,699,943	695,160
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2020**

**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)	\$ 190,891,538	\$ 5,004,783
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	-	(246,722)
Prior Year	-	294,528
The last state aid payments are recognized as 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 (GASB 33).		
Current Year	(1,639,093)	-
Prior Year	1,683,550	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 190,935,995	\$ 5,052,589
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 185,986,835	\$ 5,004,783
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.	-	47,806
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 185,986,835	\$ 5,052,589

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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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EXHIBIT L-1

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.1983291065%	0.1996356800%	0.2019850748%	0.2024431467%	0.2119862254%	0.2209620171%	0.2038684327%
School District's proportionate share of the net pension liability	\$ 35,735,896	\$ 39,307,270	\$ 47,018,897	\$ 59,957,853	\$ 47,586,660	\$ 41,370,133	\$ 38,963,308
School District's covered payroll	\$ 13,642,196	\$ 14,319,355	\$ 14,315,456	\$ 14,296,606	\$ 14,212,560	\$ 14,206,452	\$ 14,417,826
School District's proportionate share of the net pension liability as a percentage of its covered payroll	261.95%	274.50%	328.45%	419.39%	334.82%	291.21%	270.24%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	55.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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 SCHOOL DISTRICT
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 1,929,158	\$ 1,985,730	\$ 1,871,176	\$ 1,798,476	\$ 1,822,513	\$ 1,821,579	\$ 1,536,107
Contributions in relation to the contractually required contribution	(1,929,158)	(1,985,730)	(1,871,176)	(1,798,476)	(1,822,513)	(1,821,579)	(1,536,107)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	12,767,297	13,642,196	14,319,355	14,315,456	14,296,606	14,212,560	14,206,452
Contributions as a percentage of covered payroll	15.11%	14.56%	13.07%	12.56%	12.75%	12.82%	10.81%

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 SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)
 LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 442,517,677	\$ 460,423,875	\$ 474,762,052	\$ 569,821,881	\$ 458,004,352	\$ 382,394,370	\$ 359,346,441
School District's covered payroll	\$ 79,392,596	\$ 84,573,582	\$ 79,805,632	\$ 79,786,462	\$ 71,362,648	\$ 71,840,310	\$ 71,840,260
School District's proportionate share of the net pension liability as a percentage of its covered payroll	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	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

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MIDDLETOWN BOARD OF EDUCATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST THREE FISCAL YEARS*

	2020	2019	2018
District's Total OPEB Liability			
Service Cost	\$ 10,767,153	\$ 11,936,407	\$ 14,401,144
Interest Cost	12,511,787	13,266,969	11,469,066
Difference between Expected & Actual Differences	(47,989,110)	(26,595,364)	-
Changes of Assumptions	4,290,954	(36,352,130)	(47,115,916)
Contributions: Member	261,872	292,757	309,344
Gross Benefit Payments	(8,834,256)	(8,470,593)	(8,400,955)
Net Change in District's Total OPEB Liability	(28,991,600)	(45,921,954)	(29,337,317)
District's Total OPEB Liability (Beginning)	316,780,341	362,702,295	392,039,612
District's Total OPEB Liability (Ending)	<u>\$ 287,788,741</u>	<u>\$ 316,780,341</u>	<u>\$ 362,702,295</u>
District's Covered Employee Payroll	\$ 96,694,974	\$ 101,694,508	\$ 101,885,872
District's Net OPEB Liability as a Percentage of Payroll	298%	312%	356%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* 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 SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

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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 SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Title I	Title IIA	Title III	Title III - Immigrant	I.D.E.A. - Basic
Revenues:					
Federal Sources	\$ 558,982	\$ 125,080	\$ 11,354	\$ 1,453	\$ 2,613,459
Total Revenues	<u>\$ 558,982</u>	<u>\$ 125,080</u>	<u>\$ 11,354</u>	<u>\$ 1,453</u>	<u>\$ 2,613,459</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 362,176	\$ -	\$ 1,556	\$ -	\$ -
Purchased Professional - Educational Services	-	30,910	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	1,972,039
General Supplies	53,831	-	9,798	-	394
Total Instruction	<u>416,007</u>	<u>30,910</u>	<u>11,354</u>	<u>-</u>	<u>1,972,433</u>
Support Services:					
Salaries of Other Professional Staff	-	10,157	-	-	-
Personal Services - Employee Benefits	128,849	-	-	-	-
Purchased Educational Services	-	54,545	-	-	633,366
Other Purchased Services (400-500 Series)	7,167	11,725	-	1,453	-
Transportation	-	-	-	-	7,660
Supplies and Materials	6,959	17,613	-	-	-
Other Objects	-	130	-	-	-
Total Support Services	<u>142,975</u>	<u>94,170</u>	<u>-</u>	<u>1,453</u>	<u>641,026</u>
Total Expenditures	<u>\$ 558,982</u>	<u>\$ 125,080</u>	<u>\$ 11,354</u>	<u>\$ 1,453</u>	<u>\$ 2,613,459</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	I.D.E.A. - Preschool	Non Public Ch. 192 Auxiliary	Non Public Textbook	Non Public Nursing	Non Public Ch. 193 Handicapped
Revenues:					
State Sources	\$ -	\$ 150,702	\$ 124,453	\$ 194,481	\$ 396,869
Federal Sources	153,111	-	-	-	-
Total Revenues	\$ 153,111	\$ 150,702	\$ 124,453	\$ 194,481	\$ 396,869
Expenditures:					
Instruction:					
Other Purchased Services (400-500 Series)	\$ 107,908	\$ -	\$ -	\$ -	\$ -
General Supplies	3,549	-	-	-	-
Textbooks	-	-	124,453	-	-
Total Instruction	111,457	-	124,453	-	-
Support Services:					
Salaries of Other Professional Staff	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Educational Services	-	-	-	-	-
Other Purchased Services (400-500 Series)	41,654	-	-	-	-
Transportation	-	-	-	-	-
Supplies and Materials	-	150,702	-	194,481	396,869
Total Support Services	41,654	150,702	-	194,481	396,869
Facilities Acquisition & Construction Services:					
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-
Total Expenditures	\$ 153,111	\$ 150,702	\$ 124,453	\$ 194,481	\$ 396,869

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Non Public	Non Public Security	CARES Act	Title - SIA	Title IV
Revenues:					
State Sources	\$ 85,844	\$ 358,448	\$ -	\$ -	\$ -
Federal Sources	-	-	44,354	33,919	35,639
Total Revenues	\$ 85,844	\$ 358,448	\$ 44,354	\$ 33,919	\$ 35,639
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ 44,354	\$ -	\$ 6,817
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	3,042
Other Purchased Services (400-500 Series)	-	-	-	-	-
General Supplies	-	-	-	25,093	16,323
Total Instruction	-	-	44,354	25,093	26,182
Support Services:					
Salaries of Other Professional Staff	-	-	-	1,464	8,098
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Educational Services	-	-	-	6,867	-
Supplies and Materials	-	-	-	495	1,359
Total Support Services	-	-	-	8,826	9,457
Facilities Acquisition & Construction Services:					
Noninstructional Equipment	85,844	358,448	-	-	-
Total Facilities Acquisition & Construction Services	85,844	358,448	-	-	-
Total Expenditures	\$ 85,844	\$ 358,448	\$ 44,354	\$ 33,919	\$ 35,639.00

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Local Grants	Totals
Revenues:		
Local Sources	\$ 116,635	\$ 116,635
State Sources	-	1,310,797
Federal Sources	-	3,577,351
	<hr/>	<hr/>
Total Revenues	<u>\$ 116,635</u>	<u>\$ 5,004,783</u>
Expenditures:		
Instruction:		
Salaries of Teachers	\$ -	\$ 414,903
Purchased Professional - Educational Services	-	33,952
Other Purchased Services (400-500 Series)	-	2,079,947
General Supplies	48,946	157,934
Textbooks	-	124,453
Other Objects	25,687	25,687
	<hr/>	<hr/>
Total Instruction	<u>74,633</u>	<u>2,836,876</u>
Support Services:		
Salaries of Other Professional Staff	-	19,719
Personal Services - Employee Benefits	-	128,849
Purchased Educational Services	41,223	736,001
Other Purchased Services (400-500 Series)	-	61,999
Transportation	-	7,660
Supplies and Materials	-	768,478
Other Objects	-	130
	<hr/>	<hr/>
Total Support Services	<u>41,223</u>	<u>1,722,836</u>
Facilities Acquisition & Construction Services:		
Noninstructional Equipment	779	445,071
	<hr/>	<hr/>
Total Facilities Acquisition & Construction Services	<u>779</u>	<u>445,071</u>
Total Expenditures	<u>\$ 116,635</u>	<u>\$ 5,004,783</u>

F. Capital Projects Fund

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2020**

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Roofing Replacement Project	5/27/2014	\$ 17,333,839	\$ 16,583,304	\$ 21,974	\$ 728,561
Total		\$ 17,333,839	\$ 16,583,304	\$ 21,974	\$ 728,561

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

Expenditures and Other Financing Uses:		
Other Purchased Professional and Technical Services	\$	14,925
Construction Services		7,049
		<hr/>
Total Expenditures and Other Financing Uses		21,974
		<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources		
Over (Under) Expenditures and Other Financing Uses		(21,974)
		<hr/>
Fund Balance, July 1		750,535
		<hr/>
Fund Balance, June 30	\$	<u><u>728,561</u></u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT
YEAR ENDED JUNE 30, 2020**

	<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	\$ 7,173,895	\$ -	\$ 7,173,895	\$ 7,173,895
Bond Proceeds	10,159,944	-	10,159,944	10,159,944
Total Revenues and Other Financing Sources	17,333,839	-	17,333,839	17,333,839
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	726,576	14,925	741,501	741,501
Construction Services	13,845,393	7,049	13,852,442	16,592,338
Cancellation of Project	2,011,335	-	2,011,335	-
Total Expenditures and Other Financing Uses	16,583,304	21,974	16,605,278	17,333,839
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 750,535	\$ (21,974)	\$ 728,561	\$ -

Additional Project Information:

<u>Project Numbers</u>	Grant Date	5/27/2014
3160-050-14-1019	Bond Authorization Date	5/29/2014
3160-053-14-1020	Bonds Authorized	10,759,044
3160-055-14-1022	Bonds Issued	10,159,944
3160-057-14-1025	Original Authorized Cost	17,934,739
3160-059-14-1027	Additional Authorized Cost	(600,900)
3160-060-14-1028	Revised Authorized Cost	17,333,839
3160-080-14-1030	Percentage Increase over Original Authorized Cost	-3.35%
3160-090-14-1031	Percentage Completion	100.00%
3160-110-14-1032	Original Target Completion Date	8/31/2015
3160-120-14-1033	Revised Target Completion Date	N/A
3160-130-14-1034		
3160-140-14-1035		
3160-143-14-1037		
3160-145-14-1038		
3160-160-14-1039		

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H. Fiduciary Fund

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	TRUST		AGENCY				
	UNEMPLOYMENT COMPENSATION	PRIVATE- PURPOSE SCHOLARSHIP FUND	TRUST TOTALS	PAYROLL FUND	STUDENT ACTIVITY FUND	ATHLETIC FUND	AGENCY TOTALS
ASSETS							
Cash & Cash Equivalents	\$ 421,128	\$ 616,440	\$ 1,037,568	\$ 4,555,913	\$ 548,914	\$ 6,494	\$ 5,111,321
Total Assets	421,128	616,440	1,037,568	4,555,913	548,914	6,494	5,111,321
LIABILITIES							
Payable for Student Related Activities	-	-	-	-	548,914	6,494	555,408
Payroll Deductions & Withholdings	-	-	-	4,555,913	-	-	4,555,913
Total Liabilities	-	-	-	4,555,913	548,914	6,494	5,111,321
NET POSITION							
Restricted - Held in Trust for Unemployment Claims & Other Purposes	421,128	-	421,128				
Restricted - Scholarships	-	616,440	616,440				
Total Net Position	\$ 421,128	\$ 616,440	\$ 1,037,568				

EXHIBIT H-2

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2020

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE- PURPOSE SCHOLARSHIP FUND	TOTAL TRUST
ADDITIONS			
Contributions:			
Plan Member	\$ 145,724	\$ -	\$ 145,724
Other	-	54,795	54,795
Total Contributions	145,724	54,795	200,519
Investment Earnings:			
Interest	3,593	11,713	15,306
Net Investment Earnings	3,593	11,713	15,306
Total Additions	149,317	66,508	215,825
DEDUCTIONS			
Unemployment Claims	124,144	-	124,144
Scholarships Awarded	-	64,150	64,150
Total Deductions	124,144	64,150	188,294
Change in Net Position	25,173	2,358	27,531
Net Position - Beginning	395,955	614,082	1,010,037
Net Position - Ending	\$ 421,128	\$ 616,440	\$ 1,037,568

EXHIBIT H-3

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2020**

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
Elementary Schools:				
Bayview	\$ 705	\$ 626	\$ 633	\$ 698
Fairview	1,328	1,713	1,384	1,657
Harmony	3,103	8,317	10,383	1,037
Leonardo	210	2,011	650	1,571
Lincroft	445	7,358	6,817	986
Middletown Village	4,372	3,285	943	6,714
Navesink	2,170	7,583	9,752	1
New Monmouth	5,316	10,084	8,071	7,329
Nutswamp	32,605	21,124	35,399	18,330
Ocean Avenue	3,020	4,398	7,418	-
Port Monmouth	303	3	306	-
River Plaza	3,082	10,258	5,960	7,380
Total Elementary Schools	56,659	76,760	87,716	45,703
Middle Schools				
Bayshore	39,579	37,305	39,322	37,562
Thompson	69,569	70,318	74,414	65,473
Thorne	6,428	80,395	70,904	15,919
Total Middle Schools	115,576	188,018	184,640	118,954
High Schools:				
North	206,182	266,126	258,098	214,210
South	173,794	260,499	264,246	170,047
Total High Schools	379,976	526,625	522,344	384,257
Total All Schools	\$ 552,211	\$ 791,403	\$ 794,700	\$ 548,914

EXHIBIT H-4

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2020**

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
ASSETS				
Cash & Cash Equivalents	\$ 4,226,148	\$ 48,976,367	\$ 48,646,602	\$ 4,555,913
Total Assets	\$ 4,226,148	\$ 48,976,367	\$ 48,646,602	\$ 4,555,913
LIABILITIES				
Payroll Deductions & Withholdings	\$ 4,220,056	\$ 48,640,510	\$ 48,976,367	\$ 4,555,913
Interfunds Payable	6,092	6,092	-	-
Total Liabilities	\$ 4,226,148	\$ 48,646,602	\$ 48,976,367	\$ 4,555,913

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
ATHLETIC AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2020**

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
ASSETS				
Cash & Cash Equivalents	\$ 3,270	\$ 182,789	\$ 179,565	\$ 6,494
Total Assets	<u>\$ 3,270</u>	<u>\$ 182,789</u>	<u>\$ 179,565</u>	<u>\$ 6,494</u>
LIABILITIES				
Payable for Student Related Activities	\$ 3,270	\$ 182,789	\$ 179,565	\$ 6,494
Total Liabilities	<u>\$ 3,270</u>	<u>\$ 182,789</u>	<u>\$ 179,565</u>	<u>\$ 6,494</u>

I. Long-Term Debt

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 YEAR ENDED JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2019	ISSUED	RETIRED	BALANCE JUNE 30, 2020
			DATE	AMOUNT					
Buildings, Alterations & Renovations (Refunding Issue - 2010)	05/11/10	\$ 55,665,000	8/1/2020	\$ 3,290,000	5.000%	\$ 34,220,000	\$ -	\$ 30,930,000	\$ 3,290,000
			8/1/2021	3,005,000	5.000%	-	24,240,000	-	24,240,000
			8/1/2022	3,150,000	5.000%	-	-	-	-
			8/1/2023	3,290,000	5.000%	-	-	-	-
			8/1/2024	3,450,000	5.000%	-	-	-	-
Buildings, Alterations & Renovations (Refunding Issue - 2013)	01/30/13	7,670,000	8/1/2020	565,000	4.000%	6,110,000	-	535,000	5,575,000
			8/1/2021	610,000	4.000%	-	-	-	-
			8/1/2022	650,000	4.000%	-	-	-	-
			8/1/2023	685,000	2.500%	-	-	-	-
			8/1/2024	715,000	2.200%	-	-	-	-
Buildings, Alterations & Renovations (Refunding Issue - 2013)	05/29/14	19,379,000	8/1/2020	1,215,000	2.000%	15,155,000	-	1,185,000	13,970,000
			8/1/2021	1,245,000	2.000%	-	-	-	-
			8/1/2022	1,280,000	2.000%	-	-	-	-
			8/1/2023	1,320,000	2.250%	-	-	-	-
			8/1/2024	1,365,000	2.250%	-	-	-	-
Buildings, Alterations & Renovations	8/1/2025	1,410,000	8/1/2025	1,410,000	3.000%	-	-	-	-
			8/1/2026	1,460,000	3.000%	-	-	-	-
			8/1/2027	1,515,000	3.000%	-	-	-	-
			8/1/2028	1,575,000	3.000%	-	-	-	-
Buildings, Alterations & Renovations	8/1/2029	1,585,000	8/1/2029	1,585,000	3.000%	-	-	-	-
Total						\$ 55,485,000	\$ 24,240,000	\$ 32,650,000	\$ 47,075,000

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 YEAR ENDED JUNE 30, 2020

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE	INTEREST RATE	AMOUNT OUTSTANDING		ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2020
					PRINCIPAL	INTEREST			
Technology Lease	1/15/2016	5 Years	\$ 820,000	31,573	1.560%	\$ 171,000	\$ -	\$ 171,000	\$ -
Technology Lease	7/12/2016	5 Years	1,500,000.00	51,877	1.360%	616,000	-	616,000	-
ESIP Lease	3/20/2018	15 Years	11,200,000.00	3,141,171	3.320%	10,565,000	-	915,000	9,650,000
Total						\$ 11,352,000	\$ -	\$ 1,702,000	\$ 9,650,000

EXHIBIT I-3

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 5,629,536	\$ -	\$ 5,629,536	\$ -
State Sources:				
Debt Service Aid Type II	1,414,788	-	1,414,788	-
Miscellaneous	-	-	7,341	7,341
Total Revenues	7,044,324	-	7,044,324	7,341
Expenditures:				
Regular Debt Service:				
Interest	2,192,967	-	2,192,967	(1)
Redemption of Principal	4,860,000	-	4,860,000	-
Costs of Issuance	-	-	172,297	(172,297)
Total Regular Debt Service	7,052,967	-	7,052,967	(172,298)
Total Expenditures	7,052,967	-	7,052,967	(172,298)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(8,643)	-	(8,643)	(179,639)
Other Financing Sources/(Uses):				
Refunding Debt Issuance	-	-	24,240,000	(24,240,000)
Proceeds of Refunding Bonds	-	-	4,413,442	(4,413,442)
Payment to Refunding Escrow	-	-	(28,481,145)	28,481,145
Total Other Financing Sources/(Uses)	-	-	172,297	(172,297)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Uses	(8,643)	-	(8,643)	(351,936)
Fund Balance, July 1,	27,897	-	27,897	-
Fund Balance, June 30,	\$ 19,254	\$ -	\$ 19,254	\$ 26,594
				\$ (351,936)

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STATISTICAL SECTION (Unaudited)

Third Section

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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. The Exhibits are presented for the last ten fiscal years.

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in Capital Assets	\$ 32,051,356	\$ 30,824,150	\$ 27,511,354	\$ 24,532,277	\$ 21,166,495	\$ 20,437,301	\$ 23,901,566	\$ 37,699,838	\$ 35,242,009	\$ 36,684,135
Restricted	7,143,356	4,042,259	5,542,545	8,306,882	10,716,131	9,983,246	26,609,926	12,763,853	14,329,415	8,920,219
Unrestricted (Deficit)	(45,515,305)	(47,596,142)	(48,473,797)	(46,114,398)	(43,375,177)	(42,201,258)	(237,189)	(501,515)	(1,963,302)	(2,728,178)
Total Governmental Activities	\$ (6,320,593)	\$ (12,729,733)	\$ (15,419,898)	\$ (13,275,239)	\$ (11,492,551)	\$ (11,780,711)	\$ 50,274,303	\$ 49,962,176	\$ 47,608,122	\$ 42,876,176
Business-Type Activities:										
Net Investment in Capital Assets	\$ 720,443	\$ 782,212	\$ 847,311	\$ 649,851	\$ 496,320	\$ 530,506	\$ 422,012	\$ 57,159	\$ 96,528	\$ 130,933
Unrestricted (Deficit)	(127,043)	(119,123)	(237,027)	20,501	79,792	-	-	-	14,826	68,484
Total Business-Type Activities	\$ 593,400	\$ 663,089	\$ 610,284	\$ 670,352	\$ 576,112	\$ 530,506	\$ 422,012	\$ 57,159	\$ 111,354	\$ 199,417
District-Wide:										
Net Investment in Capital Assets	\$ 32,771,799	\$ 31,606,362	\$ 28,358,665	\$ 25,182,127	\$ 21,662,815	\$ 20,967,807	\$ 24,323,578	\$ 37,756,997	\$ 35,338,537	\$ 36,815,068
Restricted	7,143,356	4,042,259	8,306,882	8,306,882	10,716,131	9,983,246	26,609,926	12,763,853	14,329,415	8,920,219
Unrestricted (Deficit)	(45,642,348)	(47,715,265)	(48,710,825)	(46,093,897)	(43,295,385)	(42,201,258)	(501,515)	(501,515)	(1,948,476)	(2,659,694)
Total District Net Position	\$ (5,727,193)	\$ (12,066,644)	\$ (12,045,278)	\$ (12,604,888)	\$ (10,916,439)	\$ (11,250,205)	\$ 50,431,989	\$ 50,019,335	\$ 47,719,476	\$ 43,075,593

Source: CAFR Schedule A-1

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 99,296,426	\$ 104,333,574	\$ 112,860,041	\$ 90,757,282	\$ 57,731,723	\$ 88,135,821	\$ 76,477,300	\$ 76,994,308	\$ 50,982,770	\$ 50,650,154
Special Education	31,076,746	31,515,205	32,282,886	25,113,427	15,904,464	23,992,602	20,138,172	19,611,534	14,179,046	14,636,606
Other Special Education										148,770
Other Instruction	3,569,543	4,087,991	4,214,922	3,490,977	2,141,302	2,848,696	2,346,528	2,278,530	1,564,961	1,747,408
Support Services:										
Tuition	5,808,360	6,397,541	6,547,793	6,598,433	6,097,142	5,890,712	5,807,659	4,494,803	4,416,101	3,567,540
Attendance & Social Work Services									45,305	45,093
Health Services						32,087	66,383	71,022		
Student & Instruction Related Services						3,329,827	3,096,074	3,096,074	2,335,154	2,109,521
Educational Media Services/School Library	21,325,218	23,118,452	23,766,587	19,858,168	12,537,797	16,781,233	14,453,445	14,875,142	11,017,091	10,554,067
Library						683,348	502,571	479,579	367,428	372,482
Instructional Staff Training						661,419	777,654	561,870	413,988	167,153
Other Administrative Services	2,778,773	3,095,176	3,222,954	2,701,491	2,047,846	3,125,984	2,850,864	2,821,903	1,559,656	1,566,517
Central Services	1,967,777	1,919,021	1,907,678	1,794,745	1,472,607	2,234,863	1,909,690	1,970,562	1,448,439	1,518,040
Administration Information Technology Services	1,006,434	991,807	1,013,061	999,836	1,355,156	1,491,562	1,117,188	1,146,578	821,539	772,975
School Administrative Services	8,008,994	8,604,064	9,084,406	7,651,869	5,586,092	9,383,428	8,148,695	8,328,836	6,090,739	5,960,494
Plant Operations & Maintenance	14,624,225	17,244,814	18,873,309	14,213,424	16,787,638	21,768,103	20,594,609	17,644,897	12,104,765	12,237,023
Pupil Transportation	12,828,828	13,440,862	14,409,509	12,476,992	10,761,129	9,990,561	10,042,967	9,477,122	9,330,590	9,303,552
Unallocated Benefits						64,951,941			36,617,894	33,570,743
Interest & Other Charges	5,739,972	1,912,096	2,370,212	2,566,311	2,654,719	2,679,964	2,726,746	3,117,269	2,793,035	2,736,767
Adjustment/Reduction of Fixed Assets									1,237,424	(84,119)
Unallocated Depreciation									3,688,594	3,142,273
Amortization of Bond Issuance Costs										40,488
Total Governmental Activities Expenses	207,731,294	216,660,603	230,553,558	188,202,955	203,654,269	193,147,621	171,290,298	166,970,029	161,055,007	154,763,547
Business-Type Activities:										
Food Service	1,975,160	2,529,940	2,915,311	2,596,304	2,513,939	2,530,782	2,322,914	2,316,118	2,467,618	2,413,356
Total Business-Type Activities Expense	1,975,160	2,529,940	2,915,311	2,596,304	2,513,939	2,530,782	2,322,914	2,316,118	2,467,618	2,413,356
Total District Expenses	\$ 209,706,454	\$ 219,190,543	\$ 233,468,869	\$ 190,799,259	\$ 206,168,208	\$ 195,678,403	\$ 169,286,147	\$ 165,522,625	\$ 157,176,903	\$ 163,959,445
Program Revenues:										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,100	\$ -	\$ -
Capital Grants & Contributions							3,218,099			
Operating Grants & Contributions	42,941,556	50,593,229	63,803,799	24,590,639	46,609,372	37,764,528	5,752,832	6,627,722	6,307,771	7,286,223
Total Governmental Activities Program Revenues	42,941,556	50,593,229	63,803,799	24,590,639	46,609,372	37,764,528	8,970,931	6,728,822	6,307,771	7,286,223
Business-Type Activities:										
Charges for Services:										
Food Service	1,365,933	1,968,341	2,109,671	2,000,770	1,876,792	1,836,651	1,638,063	1,544,900	1,695,023	1,725,994
Operating Grants & Contributions	539,538	614,405	745,573	683,773	682,802	607,731	539,246	596,849	684,578	669,797
Total Business-Type Activities Program Revenues	1,905,471	2,582,746	2,855,244	2,684,543	2,559,594	2,444,382	2,177,309	2,141,749	2,379,601	2,395,791
Total District Program Revenues	\$ 44,847,027	\$ 53,175,975	\$ 66,659,043	\$ 27,281,182	\$ 49,168,966	\$ 40,208,910	\$ 11,148,240	\$ 8,870,571	\$ 8,687,172	\$ 9,682,014

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

	FISCAL YEAR ENDING JUNE 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense) Revenue:										
Governmental Activities	\$ (164,789,738)	\$ (166,067,374)	\$ (166,749,559)	\$ (163,612,316)	\$ (157,044,897)	\$ (153,383,093)	\$ (162,319,367)	\$ (160,241,207)	\$ (154,707,336)	\$ (147,477,324)
Business-Type Activities	(69,689)	52,806	(60,067)	94,239	45,655	(86,400)	(145,603)	(174,569)	(88,217)	(17,565)
Total District-Wide Net Expense	\$ (164,859,427)	\$ (166,014,568)	\$ (166,809,626)	\$ (163,518,077)	\$ (156,999,242)	\$ (153,469,493)	\$ (162,464,972)	\$ (160,415,776)	\$ (154,835,533)	\$ (147,494,889)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 143,618,246	\$ 140,802,202	\$ 139,079,885	\$ 133,982,086	\$ 131,354,986	\$ 128,779,398	\$ 126,254,312	\$ 125,004,269	\$ 123,791,116	\$ 122,253,218
Taxes Levied for Debt Service	5,629,536	5,634,050	5,634,022	5,636,686	5,649,644	4,080,945	3,677,710	4,104,906	4,224,494	3,976,245
Grants & Contributions	20,388,682	21,141,313	21,398,708	21,471,777	19,333,200	19,073,690	32,422,995	33,610,352	30,053,437	25,346,126
Tuition Received	661,808	675,538	617,093	628,344	232,050	400,795	148,950	-	97,300	88,600
Miscellaneous Income	900,607	504,435	216,976	110,735	237,259	296,972	452,912	606,608	1,973,568	1,564,780
Change in Compensated Absences	-	-	-	-	-	-	-	-	-	(107,162)
Transfers In/Out	-	-	-	-	-	(212,238)	(300,277)	(120,174)	-	-
Increase in Capital Reserve	-	-	-	-	505,918	-	-	-	-	-
Cancellation of Prior Year AR	-	-	(2,341,783)	-	-	-	-	-	-	-
Changes in BNR/Miscellaneous	-	-	-	-	-	-	(25,108)	-	(1,363)	-
Total Governmental Activities	171,198,879	168,757,538	164,604,901	161,829,628	157,333,057	152,419,562	162,631,494	163,205,961	160,138,552	153,121,807
Business-Type Activities:										
Transfers In/Out	-	-	-	-	-	212,238	300,277	120,174	-	-
Investment Earnings	-	-	-	-	(49)	(17,344)	210,181	-	154	193
Total Business-Type Activities	-	-	-	-	(49)	194,894	510,458	120,174	154	193
Total District-Wide	\$ 171,198,879	\$ 168,757,538	\$ 164,604,901	\$ 161,829,628	\$ 157,333,008	\$ 152,614,456	\$ 163,326,135	\$ 160,138,706	\$ 153,122,000	\$ 153,543,911
Change in Net Position:										
Governmental Activities	\$ 6,409,141	\$ 2,690,164	\$ (2,144,658)	\$ (1,782,688)	\$ 288,160	\$ (2,963,531)	\$ 2,964,754	\$ 5,391,316	\$ 5,644,483	\$ 32,407
Business-Type Activities	(69,689)	52,806	(60,067)	94,239	45,606	(84,195)	(88,063)	(88,063)	(7,372)	(14,171)
Total District	\$ 6,339,452	\$ 2,742,970	\$ (2,204,725)	\$ (1,688,449)	\$ 333,766	\$ (2,855,037)	\$ 2,910,559	\$ 5,303,253	\$ 5,627,111	\$ 146,578

Source: CAFR Schedule A-2

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES AND GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 6,693,563	\$ 3,571,264	\$ 3,651,662	\$ 3,423,708	\$ 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	3,411,700	1,228,606	1,046,722	1,959,341	1,091,573	1,135,223	1,446,486	1,345,558	868,826	400,568
Unassigned	1,774,968	2,313,201	1,861,900	2,167,843	1,790,548	1,825,603	2,119,248	1,864,570	1,690,411	1,872,541
Total General Fund	\$ 11,880,231	\$ 7,113,071	\$ 6,560,284	\$ 7,550,892	\$ 8,810,153	\$ 8,267,063	\$ 10,092,062	\$ 16,033,948	\$ 17,268,669	\$ 12,085,664
All Other Governmental Funds:										
Restricted										
Debt Service Fund	\$ 26,594	\$ 27,897	\$ 8,643	\$ 8,643	\$ 8,642	\$ 8,642	\$ 8,642	\$ 8,642	\$ 1	\$ 13
Capital Projects Fund	728,561	750,535	1,917,414	4,874,531	4,778,782	4,727,481	20,130,108	-	-	-
Total All Other Governmental Funds	\$ 755,155	\$ 778,432	\$ 1,926,057	\$ 4,883,174	\$ 4,787,424	\$ 4,736,123	\$ 20,138,750	\$ 8,642	\$ 1	\$ 13

Source: CAFR Schedule B-1

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax Levy	\$ 149,247,782	\$ 146,436,252	\$ 144,713,907	\$ 139,618,772	\$ 137,004,630	\$ 132,860,343	\$ 129,932,022	\$ 129,109,175	\$ 128,015,610	\$ 126,229,463
Tuition Charges	661,808	675,538	617,093	628,344	232,050	400,795	148,950	101,100	97,300	88,600
Miscellaneous	1,017,242	693,314	249,345	193,229	423,803	423,803	527,863	606,648	1,973,289	1,564,726
State Sources	48,357,568	48,709,077	45,587,505	42,251,917	40,069,224	36,797,638	37,997,634	36,072,842	31,538,558	27,867,772
Federal Sources	3,755,849	3,517,897	3,883,305	3,728,006	3,537,076	3,303,272	3,321,341	4,165,039	4,822,650	4,764,577
Total Revenues	203,040,249	200,032,078	195,051,155	186,420,268	181,270,671	173,737,598	171,927,810	170,054,804	166,447,407	160,515,138
Expenditures										
Instruction:										
Regular Instruction	60,189,368	60,398,418	60,349,720	60,069,762	57,568,220	57,621,320	56,949,667	55,785,779	50,982,770	50,650,154
Special Education Instruction	18,837,432	18,244,065	17,262,648	16,621,891	15,883,136	15,345,997	14,604,743	13,599,811	14,179,046	14,636,606
Other Special Instruction	-	-	-	-	-	-	-	-	-	148,770
Other Instruction	2,163,708	2,366,527	2,253,848	2,310,582	2,141,302	2,055,455	1,838,887	1,735,033	1,564,961	1,747,408
Support Services:										
Tuition	4,376,678	4,828,921	4,706,949	5,243,699	6,093,146	5,890,712	5,807,659	4,494,803	4,416,101	3,567,540
Attendance & Social Work Services	318,268	316,795	306,765	241,348	200,015	3,311	47,968	49,127	45,305	45,093
Health Services	2,227,847	2,802,321	2,947,694	2,699,507	2,578,284	2,443,908	2,687,737	2,336,287	2,335,154	2,109,521
Student & Instruction Related Services	14,397,878	14,330,895	13,830,401	12,840,203	12,537,797	11,885,334	11,320,271	11,296,878	11,017,091	10,554,067
Educational Media Services/ School Library	-	-	-	-	484,439	484,011	375,004	347,073	367,428	372,482
Instructional Staff Training	-	-	-	-	361,975	353,965	580,897	409,396	413,988	167,153
Other Administrative Services	2,207,880	2,336,266	2,316,854	2,146,844	2,047,846	2,168,065	2,238,176	2,040,475	1,559,656	1,566,517
Central Services	1,563,501	1,448,494	1,371,354	1,426,263	1,472,607	1,519,925	1,452,159	1,461,756	1,448,439	1,518,040
Administration Information										
Technology Services	799,664	748,625	728,250	794,558	846,043	1,007,029	807,131	811,518	821,539	772,975
School Administrative Services	6,363,562	6,494,424	6,530,420	6,064,959	5,586,092	5,859,386	5,893,453	5,764,937	6,090,739	5,960,494
Plant Operations & Maintenance	14,310,896	13,695,216	13,524,111	12,376,281	12,117,609	12,400,034	12,168,418	11,600,767	12,104,765	12,271,559
Pupil Transportation	10,193,170	10,145,281	10,358,426	9,915,322	10,761,129	9,894,739	9,981,645	9,477,122	9,330,590	9,303,552
Unallocated Benefits	50,828,661	52,443,681	48,862,438	42,819,524	41,299,324	38,279,625	35,562,799	38,895,076	36,617,894	33,570,743
Capital Outlay	2,255,685	3,133,722	15,432,926	5,282,644	2,956,659	20,503,667	10,372,975	6,251,968	3,580,654	1,599,585
Debt Service:										
Principal	4,860,000	4,660,000	4,475,000	5,455,000	3,839,000	2,910,000	2,805,000	2,650,000	2,545,000	3,315,000
Interest & Other Charges	2,220,168	2,415,268	2,599,293	2,775,393	3,223,579	2,569,255	2,673,722	2,878,750	2,982,650	2,206,433
Total Expenditures	198,114,366	200,808,919	207,857,097	189,083,780	181,998,202	193,195,738	178,168,311	171,886,556	162,403,770	156,083,692
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	-	-	11,200,000	1,500,000	820,000	2,442,752	1,350,000	710,000	1,139,356	206,477
Cancellation of Prior Year AP	-	-	-	-	505,918	-	-	-	-	-
Cancellation of Prior Year AR	-	-	(2,341,783)	-	-	-	-	-	-	-
FEMA Reimbursement	-	-	-	-	-	-	-	15,846	-	-
Transfers in	-	-	-	-	-	394,925	19,379,000	-	-	-
Transfers Out	-	-	-	-	(3,996)	(607,163)	(300,277)	(120,174)	-	-
Total Other Financing Sources/(Uses)	-	-	8,858,217	1,500,000	1,321,922	2,230,514	20,428,723	605,672	1,139,356	206,477
Net Change in Fund Balances	\$ 4,925,883	\$ (776,841)	\$ (3,947,725)	\$ (1,163,512)	\$ 594,391	\$ (17,227,626)	\$ 14,188,222	\$ (1,226,080)	\$ 5,182,993	\$ 4,637,923
Debt Service as a Percentage of Noncapital Expenditures	3.75%	3.71%	3.82%	3.82%	4.69%	4.11%	3.38%	3.45%	3.61%	3.71%

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 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	MISCELLANEOUS	TOTAL
2020	\$ 152,756	\$ 74	\$ -	\$ 12,790	\$ 125,036	\$ -	\$ 602,611	\$ 893,266
2019	185,091	20,278	-	35,347	98,768	-	145,698	485,182
2018	64,555	-	-	29,920	120,909	-	1,592	216,976
2017	26,970	1,550	-	22,245	51,154	-	8,816	110,735
2016	16,030	-	-	27,630	61,350	-	132,248	237,258
2015	37,962	-	-	29,057	217,905	-	189,193	474,117
2014	15,990	23,378	-	29,902	87,752	-	295,890	1,886,927
2013	24,225	-	-	30,250	151,357	-	228,007	1,382,412
2012	39,862	-	67,699	37,773	356,961	1,238,000	146,632	1,030,953
2011	96,837	1,000	242,262	25,632	396,683	565,033	54,965	1,854,067
Total	\$ 660,278	\$ 46,280	\$ 309,961	\$ 280,546	\$ 1,667,875	\$ 1,803,033	\$ 1,805,652	\$ 8,571,893

Source: District Records

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 SCHOOL DISTRICT
 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
2020	\$ 92,592,700	\$ 10,073,170,500	\$ 143,069,700	\$ 585,500	\$ 1,050,855,900	\$ 5,650,300	\$ 114,441,200	\$ 11,480,365,800	\$ -	\$ 14,447,572	\$ 11,490,442,272	1.333	\$ 11,500,278,194
2019	100,773,300	9,937,802,450	130,068,500	660,900	1,029,473,900	6,211,500	112,519,300	11,317,508,950	-	13,919,775	11,331,428,725	1.317	11,230,730,742
2018	115,035,600	9,501,529,900	129,031,900	665,500	991,181,200	5,710,500	108,311,100	10,851,465,700	-	13,448,084	10,864,913,784	1.348	10,910,289,515
2017	120,366,000	9,320,821,850	126,773,900	645,200	992,487,400	2,681,700	108,541,700	10,672,317,750	-	13,237,803	10,685,555,553	1.354	10,734,601,164
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	10,412,940,361
2012	76,095,900	8,422,778,400	124,309,300	687,700	1,129,125,900	2,446,000	102,584,100	9,882,156,000	-	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

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOWNSHIP OF MIDDLETOWN		OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	MONMOUTH COUNTY	COUNTY OPEN SPACE		
2020	1.333	0.054	1.387	0.485	0.028	2.138	2.138
2019	1.265	0.052	1.317	0.531	0.028	2.112	2.112
2018	1.296	0.052	1.348	0.542	0.028	2.167	2.167
2017	1.301	0.053	1.354	0.498	0.015	2.124	2.124
2016	1.289	0.054	1.343	0.512	0.015	2.131	2.131
2015	1.278	0.055	1.333	0.511	0.016	2.136	2.136
2014	1.315	0.042	1.357	0.530	0.016	2.189	2.189
2013	1.286	0.037	1.323	0.515	0.016	2.140	2.140
2012	1.266	0.042	1.308	0.503	0.016	2.108	2.108
2011	1.250	0.043	1.293	0.491	0.017	2.087	2.087

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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2020		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
At Middletown NJ Landlord LLC	\$176,672,100	1	1.538%
One River Associates (Mack-Cali Realty Corp.)	37,827,900	2	0.329%
Thousand Oaks Dr., LLC Bobby Sham	35,973,400	3	0.313%
Middletown VF, LLC (V.R. Trust)	33,580,900	4	0.292%
Centro NP Middletown Plaza Owner	33,309,400	5	0.290%
Hensyn, Inc.	27,381,400	6	0.238%
Toll NJ III, LP	20,253,500	7	0.176%
Middletown Shopping Center	19,907,200	8	0.173%
McGuire's Grove II Investments, LLC	17,920,800	9	0.156%
Seritage SRC Finance LLC	17,628,200	10	0.153%
Total	<u>\$ 420,454,800</u>		<u>3.659%</u>

Taxpayer	2011		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
200 Laurel (AT&T Lease Admin)	\$ 300,500,700	1	2.644%
Four Ponds (Avaya, Inc.)	56,125,800	2	0.494%
One River Associates (Mack-Cali Realty Corp.)	49,815,400	3	0.438%
Investors Warranty of America, LLC	39,000,500	4	0.343%
Middletown VF, LLC (V.R. Trust)	32,458,600	5	0.286%
Super Intermediate Co. LLC (Thomson)	30,958,600	6	0.272%
Hensyn, Inc.	25,958,600	7	0.228%
Thousand Oaks, LLC (Wachovia Security)	25,154,300	8	0.221%
One River Associates (Mack-Cali Realty Corp.)	20,859,600	9	0.184%
Sears Roebuck & Company	20,845,800	10	0.183%
Total	<u>\$ 601,677,900</u>		<u>5.293%</u>

Source: Municipal Tax Assessor

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
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	
2020	\$ 149,247,782.00	149,247,782.00	100.00%	-
2019	146,436,252.00	146,436,252.00	100.00%	-
2018	144,713,907.00	144,713,907.00	100.00%	-
2017	139,618,772.00	139,618,772.00	100.00%	-
2016	137,004,630.00	137,004,630.00	100.00%	-
2015	132,860,343.00	132,860,343.00	100.00%	-
2014	129,932,022.00	129,932,022.00	100.00%	-
2013	129,109,175.00	129,109,175.00	100.00%	-
2012	128,015,610.00	128,015,610.00	100.00%	-
2011	126,229,463.00	126,229,463.00	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 issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	
	GENERAL OBLIGATION BONDS	CAPITAL LEASES		PER CAPITA	
2020	\$ 47,075,000.00	\$ 9,650,000.00	\$ 56,725,000.00	N/A	866
2019	55,485,000.00	11,352,000.00	66,837,000.00	N/A	1,021
2018	60,145,000.00	12,962,756.00	73,107,756.00	N/A	1,057
2017	64,620,000.00	3,002,683.00	67,622,683.00	N/A	1,033
2016	68,920,000.00	4,018,010.00	72,938,010.00	N/A	1,105
2015	72,759,000.00	5,540,967.00	78,299,967.00	N/A	1,177
2014	75,669,000.00	5,216,008.00	80,885,008.00	N/A	978
2013	59,095,000.00	5,957,313.00	65,052,313.00	N/A	978
2012	61,490,000.00	7,016,107.00	68,506,107.00	N/A	1,030
2011	64,035,000.00	6,785,623.00	70,820,623.00	N/A	1,065

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 SCHOOL DISTRICT
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
2020	65,311	\$ 11,490,442,272	\$ 47,075,000	0.41%	721
2019	65,490	11,331,428,725	55,485,000	0.49%	847
2018	65,612	10,864,913,784	60,145,000	0.55%	917
2017	65,490	10,685,555,553	64,620,000	0.60%	987
2016	66,018	10,395,803,041	68,920,000	0.66%	1,044
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

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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Middletown	\$ 59,189,100.67	100.0%	\$ 59,189,100.67
Other Debt:			
County of Monmouth - Township's Share (%)	1,251,065,000.00	8.8949%	111,280,980.69
Township of Middletown Sewerage Authority	12,652,145.00	100.0%	<u>12,652,145.00</u>
Subtotal, Overlapping Debt			183,122,226.36
Middletown Township School District Direct Debt			<u>47,075,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 230,197,226</u></u>

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

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

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 437,859,664	\$ 431,398,485	\$ 424,439,315	\$ 417,776,497	\$ 411,210,910	\$ 412,170,654	\$ 418,760,059	\$ 455,003,780	\$ 455,345,662	\$ 477,682,563
Total Net Debt Applicable to Limit	47,075,000	55,485,000	60,145,000	64,620,000	68,920,000	72,759,000	75,669,000	59,095,000	61,490,000	64,035,000
Legal Debt Margin	\$ 390,784,664	\$ 375,913,485	\$ 364,294,315	\$ 353,156,497	\$ 342,290,910	\$ 339,411,654	\$ 343,091,059	\$ 375,908,780	\$ 393,855,662	\$ 413,647,563
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.75%	12.86%	14.17%	15.47%	16.76%	17.65%	18.07%	13.58%	13.50%	13.41%

Legal Debt Margin Calculation for Fiscal Year 2019

	2019	2018	2017
Equalized Valuation Basis	\$ 11,139,909,689	\$ 10,862,897,298	\$ 10,836,667,814
Average Equalized Valuation of Taxable Property	\$ 32,839,474,801	\$ 10,946,491,600	
Debt Limit (4% of Average Equalization Value)	\$ 437,859,664	\$ 437,859,664	
Net Bonded School Debt	\$ 47,075,000	\$ 47,075,000	
Legal Debt Margin	\$ 390,784,664	\$ 390,784,664	

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 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 SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2020	65,311	N/A	N/A	3.50%
2019	65,490	N/A	N/A	3.50%
2018	65,612	N/A	N/A	5.70%
2017	65,490	N/A	N/A	5.70%
2016	66,018	N/A	N/A	5.70%
2015	66,522	N/A	N/A	6.50%
2014	66,522	N/A	N/A	5.50%
2013	66,522	N/A	N/A	8.90%
2012	66,522	N/A	N/A	9.10%
2011	66,522	N/A	N/A	8.30%

* 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 2010 Census published by the US Bureau of Economic Analysis.

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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2020		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Middletown Township Board of Education	1,471	1	4.91%
Brookdale Community College	528	2	1.76%
Township of Middletown	500	3	1.67%
Food Circus Food Markets	175	4	0.58%
Latse Local	164	5	0.55%
Brighton Gardens of Middletown	142	6	0.47%
Kohl's Department Store	123	7	0.41%
Applebees Neighborhood Bar and Grill	98	8	0.33%
Weichert Realtors	82	9	0.27%
Coldwell Banker	76	10	0.25%
Total	3,359		11.22%
Total Employment - 2020 (Estimated)	29,930		

	2011		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
AT&T Laurel Avenue	1,535	1	4.69%
Middletown Township Board of Education	820	2	2.50%
Food Circus Super Markets, Inc.	735	3	2.24%
AT&T Middletown Lincroft Road	646	4	1.97%
Brookdale Community College	258	5	0.79%
Township of Middletown	N/A	6	N/A
Academy Bus Lines	N/A	7	N/A
Marriott Senior Living Services	N/A	8	N/A
Sears Roebuck & Co.	N/A	9	N/A
Courtyard Management Group	N/A	10	N/A
Total	3,994		12.19%
Total Employment - 2011 (Estimated)	32,754		

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	615	630	636	595	602	623	628	595	588	582
Special Education	162	165	148	172	174	159	158	155	148	147
Other Special Instruction	-	-	-	-	-	-	-	-	4	5
Classroom Paraprofessionals	245	230	257	273	290	305	311	267	248	233
Support Services:										
Attendance Services	4	4	4	-	-	-	1	1	1	1
Health Services	20	22	22	22	22	23	23	23	23	23
Student & Instruction Related Services	104	108	105	104	105	104	105	105	103	101
Educational Media Services/School Library	5	5	5	4	5	5	5	5	3	3
School Administrative Services	73	76	77	78	104	85	86	83	83	82
Central Services	21	21	21	20	27	19	18	17	17	17
Administrative Information Technology Service	11	10	10	13	15	14	13	12	12	12
Other Administrative Service	17	13	14	8	9	2	2	7	7	7
Plant Operations & Maintenance	173	174	156	153	341	156	153	146	143	144
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Total	1,453	1,461	1,458	1,445	1,697	1,498	1,506	1,419	1,383	1,360

Source: District Personnel Records

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 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
2020	9,379	\$ 137,949,852	\$ 14,708	0.34%	901	12.1	9,574	9,306	0.30%	97.20%
2019	9,425	138,156,247	14,658	-14.52%	887	12.0	9,545	9,177	-0.27%	96.14%
2018	9,448	162,014,737	17,148	4.99%	925	12.1	9,571	9,196	-1.16%	96.08%
2017	9,528	155,621,890	16,333	-1.65%	922	12.2	9,684	9,253	-0.15%	95.55%
2016	9,591	159,273,974	16,607	4.93%	922	12.6	9,698	9,261	-0.30%	95.49%
2015	9,606	152,036,864	15,827	2.77%	905	12.6	9,727	9,303	-0.74%	95.64%
2014	9,678	149,037,626	15,400	6.77%	885	14.2	9,800	9,418	-2.79%	96.10%
2013	10,057	145,066,695	14,424	6.99%	867	14.2	10,081	9,450	-0.42%	93.74%
2012	10,165	137,039,679	13,482	-1.65%	858	14.2	10,124	9,589	-1.67%	94.72%
2011	10,142	139,028,283	13,708	-3.04%	843	13.3	10,296	9,631	-0.75%	93.54%

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

<u>DISTRICT BUILDINGS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
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	369	366	372	387	387	405	419	435	421	444
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)	289	296	308	279	279	304	313	328	328	329
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	531	511	495	506	506	501	486	529	490	478
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	285	274	251	233	233	232	232	235	238	258
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	451	442	456	456	491	509	520	533	521
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	393	384	382	391	391	413	418	433	446	459
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	236	233	273	282	282	294	295	279	283	294
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	359	368	380	412	412	431	453	469	511	511
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	557	571	579	565	565	575	550	560	538	549

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

<u>DISTRICT BUILDINGS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
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	282	301	298	313	304	304	304	296	283	278
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	195	205	218	249	249	247	268	262	254	259
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	272	285	281	314	314	325	322	315	325	311
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	624	623	655	672	672	642	667	670	709	704
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	978	1,003	1,062	1,032	1,032	945	945	917	965	888
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	679	679	710	748	748	731	715	744	781	778
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	1,334	1,440	1,367	1,390	1,390	1,425	1,382	1,605	1,592	1,637
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	1,540	1,557	1,429	1,418	1,418	1,403	1,400	1,460	1,468	1,444

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

<u>DISTRICT BUILDINGS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
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
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
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, 2020:

- 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 SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS

SCHOOL FACILITIES	PROJECT # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
High Schools:											
High School North	N/A	\$ 698,997	\$ 582,394	\$ 647,478	\$ 594,341	\$ 615,678	\$ 540,713	\$ 540,713	\$ 35,766	\$ 35,766	\$ 76,485
High School South	N/A	648,050	539,946	600,286	551,023	570,805	501,303	501,303	120,203	120,203	58,382
Middle Schools:											
Bayshore Middle	N/A	393,682	328,010	364,666	334,739	346,756	304,535	304,535	21,252	21,252	41,184
Thompson	N/A	352,693	293,859	326,698	299,887	310,653	272,827	272,827	117,674	117,674	30,775
Thorne	N/A	352,693	293,859	326,698	299,887	310,653	272,827	272,827	97,001	97,001	49,331
Elementary Schools:											
Bayview	N/A	120,234	100,177	111,372	102,232	105,902	93,008	93,008	14,235	14,235	14,482
Fairview	N/A	90,066	75,042	83,428	76,581	79,331	69,671	69,671	7,489	7,489	15,388
Harmony	N/A	140,469	117,037	130,116	119,437	123,725	108,660	108,660	51,247	51,247	14,030
Leonardo	N/A	88,140	73,437	81,643	74,943	77,634	68,181	68,181	14,219	14,219	8,599
Lincroft	N/A	108,101	90,068	100,134	91,916	95,216	83,622	83,622	5,814	5,814	32,133
Middletown Village	N/A	97,390	81,144	90,211	82,808	85,781	75,336	75,336	5,214	5,214	23,986
Navesink	N/A	79,554	66,283	73,690	67,643	70,071	61,539	61,539	21,007	21,007	7,694
New Monmouth	N/A	166,251	138,518	153,997	141,359	146,434	128,604	128,604	7,785	7,785	25,344
Nut Swamp	N/A	130,673	108,874	121,041	111,108	115,097	101,082	101,082	71,635	71,635	19,913
Ocean Avenue	N/A	86,186	71,809	79,834	73,282	75,913	66,670	66,670	21,441	21,441	5,883
Port Monmouth	N/A	70,364	58,626	65,178	59,829	61,977	54,431	54,431	5,214	5,214	10,862
River Plaza	N/A	87,552	72,947	81,099	74,444	77,116	67,727	67,727	108,757	108,757	18,103
Grand Total		\$ 3,711,094	\$ 3,092,030	\$ 3,437,569	\$ 3,155,459	\$ 3,268,742	\$ 2,870,736	\$ 2,870,736	\$ 725,953	\$ 725,953	\$ 452,574

Source: District Records

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020**

Commercial Package Policy - New Jersey Schools Insurance Group:	COVERAGE	DEDUCTIBLE
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 5,000
Blanket Extra Expense	\$ 50,000,000	\$ 5,000
Blanket Valuable Paper & Records	\$ 10,000,000	\$ 5,000
Demolition & Increased Cost of Construction	\$ 25,000,000	
Limited Builders Risk	\$ 10,000,000	
Fire Dept. Service Charge	\$ 10,000	
Arson Reward	\$ 10,000	
Pollution Cleanup & Removal	\$ 250,000	
Flood/Earthquake:		
Flood Zone A & V	\$ 25,000,000	\$ 500,000
All Other Flood Zones	\$ 75,000,000	\$ 10,000
Earthquake	\$ 50,000,000	\$ 1,000
Terrorism	\$ 1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	\$ 4,110,000	\$ 1,000
Flood (Deductible for Zone A & Z)		\$ 500,000
(Deductible All Other Flood Zones)		\$ 10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Property Damage	Included	5,000
Off Premises Property Damage	1,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	1,000,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	1,000,000	5,000
Hazardous Substances	1,000,000	5,000
Newly Acquired Locations - 120 Days Notice	1,000,000	5,000
Crime Coverage:		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	10,000	500
Forgery or Alteration	25,000	500
Computer Fraud	10,000	500
Public Officials Bond		
Board Secretary - A Gallagher (NJSIG)	600,000	1,000
General Liability:		
Bodily Injury & Property Damage	6,000,000	
Products & Completed Operations	6,000,000	

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
 INSURANCE SCHEDULE
 JUNE 30, 2020

Sexual Abuse	6,000,000	
Personal Injury & Advertising Injury	6,000,000	
Employee Benefits Liability	6,000,000	1,000
Premises Medical Payments	\$10,000 per accident	
	\$5,000 per person	
Terrorism	1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	6,000,000	
Personal Injury Protection	N/A	
Medical Payments	N/A	
Underinsured	N/A	
Terrorism	N/A	
Garage keepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection against "loss"/Wrongful Acts	2,000,000	30,000
Coverage B - defense costs for specific administrative actions	\$50,000/claim	30,000
	\$150,000/agg	30,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	

Source: District Records

SINGLE AUDIT SECTION

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EXHIBIT K-1

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 School District
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 activities, the business-type activities, each major fund and the aggregate remaining fund information of the Middletown Township School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Middletown Township School District's basic financial statements, and have issued our report thereon dated February 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Middletown Township School District'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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Middletown Township School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middletown Township School District'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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Matthew Holman
Certified Public Accountant
Public School Accountant, No. 20CS00260100

Freehold, New Jersey
February 3, 2021

EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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 School District
County of Monmouth
Middletown, New Jersey 07748

Report on Compliance for Each Major Federal and State Program

We have audited the Middletown Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2020. The Middletown Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Middletown Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Middletown Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Middletown Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District'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 the School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Matthew Holman
Certified Public Accountant
Public School Accountant, No. 20CS00260100

Freehold, New Jersey
February 3, 2021

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	RESERVE FOR PRIOR YEAR ENCUMBRANCES CANCELLED	UNEARNED REVENUE	BALANCE JUNE 30, 2020 (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Health and Human Services: Passed Through New Jersey Department of Human Services: Medicaid Assistance Program (SEM)	93.778	1905N05MAP	100-054-7540-211	130,692	7/1/19-6/30/20	-	-	130,692	(130,692)	-	-	-	-	-	-	-
Total Medicaid Cluster						-	-	130,692	(130,692)	-	-	-	-	-	-	-
Total U.S. Department of Health and Human Services						-	-	130,692	(130,692)	-	-	-	-	-	-	-
U.S. Department of Agriculture: Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster: School Breakfast Program COVID-19 National School Breakfast Program School Breakfast Program	10553 10553 10553	IN1304N1099 IN1304N1099 IN1304N1099	100-010-3350-028 100-010-3350-028 100-010-3350-028	36,754 14,387 39,657	7/1/19-6/30/20 7/1/19-6/30/20 7/1/19-6/30/19	(2,764) (2,764) (2,764)	- - -	36,754 8,646 2,764	(36,754) (14,387) (51,141)	- - -	- - -	- - -	- - -	- - -	- - -	- - -
National School Lunch Program COVID-19 National School Lunch Program National School Lunch Program Healthy Hunger-Free Kids Act COVID-19 National School Lunch Program HFFKA Healthy Hunger-Free Kids Act Food Distribution Program (Noncash Assistance)	10555 10555 10555 10555 10555 10555	IN1304N1099 IN1304N1099 IN1304N1099 IN1304N1099 IN1304N1099 IN1304N1099	100-010-3350-028 100-010-3350-028 100-010-3350-026 100-010-3350-026 100-010-3350-026 Unavailable	354,964 26,663 482,959 23,093 547 28,156 59,517	7/1/19-6/30/20 7/1/19-6/30/20 7/1/19-6/30/19 7/1/19-6/30/20 7/1/19-6/30/20 7/1/19-6/30/19 7/1/19-6/30/20	(354,964) (26,663) (25,210) (23,093) (547) (1,500) (59,517)	- - - - - - -	354,964 16,024 25,210 23,093 329 1,500 480,657	(354,964) (26,663) (23,093) (23,093) (547) (59,517) (642,284)	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -
Total Child Nutrition Cluster						(29,474)	-	528,801	(515,925)	-	-	-	-	-	-	(16,598)
Total U.S. Department of Agriculture						(29,474)	-	528,801	(515,925)	-	-	-	-	-	-	(16,598)
U.S. Department of Education: Passed Through New Jersey Department of Education: No Child Left Behind (NCLB): Title I - SEA Title I - SEA Title I - Part A Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction	84.010 84.010 84.010 84.010	S010A160030 S010A160030 S010A160030 S010A160030	100-034-5064-194 100-034-5064-194 100-034-5064-194 100-034-5064-194	606,025 52,745 37,071 549,375	7/1/18-6/30/19 7/1/18-6/30/19 7/1/19-9/30/20 7/1/19-9/30/20	(194,000) (8,083) (8,083) (194,000)	- - -	- 8,083 (8,083) 38,526 531,967 570,493	- - - (33,919) (58,982) (592,901)	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction	84.367 84.367	S367A160029 S367A160029	100-034-5063-290 100-034-5063-290	187,833 192,513	7/1/18-6/30/19 7/1/19-9/30/20	(55,995) (55,995)	55,995 (55,995)	152,804 132,804	(125,080) (125,080)	- -	- -	- -	- -	- -	- -	- -
Title III - English Language Acquisition Title III - English Language Acquisition Title III - Immigrant Title III - Immigrant	84.365 84.365 84.365 84.365	S365A160030 S365A160030 S365A160030 S365A160030	100-034-5064-187 100-034-5064-187 100-034-5064-187 100-034-5064-187	15,909 14,093 9,716 13,177	7/1/18-6/30/19 7/1/19-9/30/20 7/1/18-6/30/19 7/1/19-9/30/20	(5,717) - (1) (5,718)	5,717 (5,717) 17,071 (1)	17,071 (11,354) 1,454 18,525	- - (1,455) (12,807)	- -	- -	- -	- -	- -	- -	- -
Title IV Title IV	84.424 84.424	S569A170031 S569A170031	100-034-5064-189 100-034-5064-189	34,979 46,367	7/1/18-6/30/19 7/1/19-9/30/20	(4,735) (4,735)	4,735 (4,735)	40,098 40,098	(35,630) (35,630)	- -	- -	- -	- -	- -	- -	(276) (276)
Special Education Cluster: LDE.A, Part B LDE.A, Part B	84.027 84.027	H027A160100 H027A160100	100-034-5065-016 100-034-5065-016	2,643,173 2,664,325	7/1/18-6/30/19 7/1/19-9/30/20	(219,466) (219,466)	219,466 (219,466)	2,734,195 2,734,195	- (2,613,459)	- -	- -	- -	- -	- -	- -	- -
LDE.A, Preschool LDE.A, Preschool	84.173 84.173	H173A160114 H173A160114	100-034-5065-020 100-034-5065-020	169,412 153,111	7/1/18-6/30/19 7/1/19-9/30/20	(53,800) (53,800)	53,800 (52,800)	153,490 153,490	(153,111) (153,111)	- -	- -	- -	- -	- -	- -	(52,421) (52,421)
Total Special Education Cluster						(272,266)	-	2,887,685	(2,766,570)	-	-	-	-	-	-	(151,151)
CARES Emergency Relief Grant Subtotal	84.425D	S425D200027	N/A	488,719	3/13/19-9/30/22	-	-	-	(44,354)	-	-	-	-	-	-	(44,354)
Total U.S. Department of Education						(540,797)	-	3,669,605	(3,577,351)	-	-	-	-	-	-	(448,543)
Total Expenditures of Federal Awards						\$ (570,271)	\$ -	\$ 4,329,098	\$ (4,223,968)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (465,141)

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

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Middletown Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. 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. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 School District for the year ended June 30, 2020. 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, 2020.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020 (Continued)

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 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 \$44,457 for the general fund and \$47,806 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 130,692	\$ 45,631,983	\$ 45,762,675
Special Revenue Fund	3,625,157	1,310,797	4,935,954
Debt Service Fund	-	1,414,788	1,414,788
Food Service Fund	515,925	23,613	539,538
Total Awards & Financial Assistance	<u>\$ 4,271,774</u>	<u>\$ 48,381,181</u>	<u>\$ 52,652,955</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. Federal and State Loans Outstanding

The Middletown Township Public School District had no loan balances outstanding at June 30, 2020.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	802,428
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	Unmodified	

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public Cluster: Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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.

None.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with Government Auditing Standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.