

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**

Middletown, New Jersey  
County of Monmouth

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2022**



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



**YEAR ENDED JUNE 30, 2022**

**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*

**PO Box 4170, Middletown, NJ 07748**

**(732) 671-3850**

**Fax (732) 291-1035**

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

March 16, 2023

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 annual comprehensive financial report of the Middletown Township School District (District) for the fiscal year ended June 30, 2022, 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, 2022, 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 eleven elementary schools, three middle schools and two high schools. The District student count at October 15, 2021 was 8,934. 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 \$37,145,000 as compared to our school-borrowing margin of \$432,284,429.

The District's enrollment has been relatively stable over the last few years. An updated enrollment projection was completed in July 2020 that predicts an overall stable level 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. However, the continued impact of the pandemic is unknown.

The 16 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 state aid allocation was being reduced by over \$5 million over seven years. Current projections indicate that the District will be subject to an additional \$1.8 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, lingering impacts on students from the pandemic, 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, 2022.

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, 2022, the District's outstanding debt issues included bonds of \$37,145,000. 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Excellence, the district published an easily readable and efficiently organized ACFR.

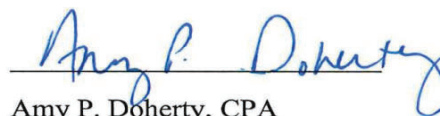
This report satisfied both Generally Accepted Accounting Principles in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Excellence Program's requirements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

Respectfully submitted,



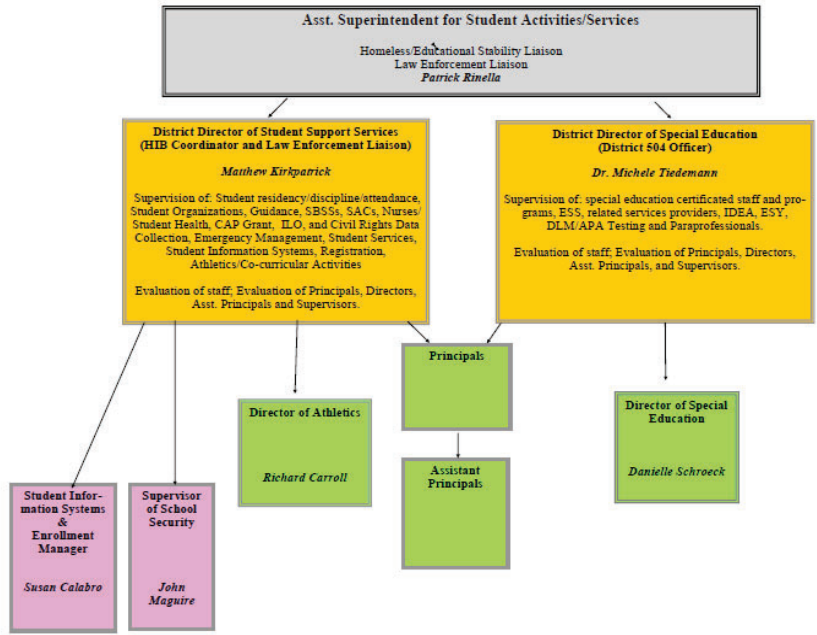
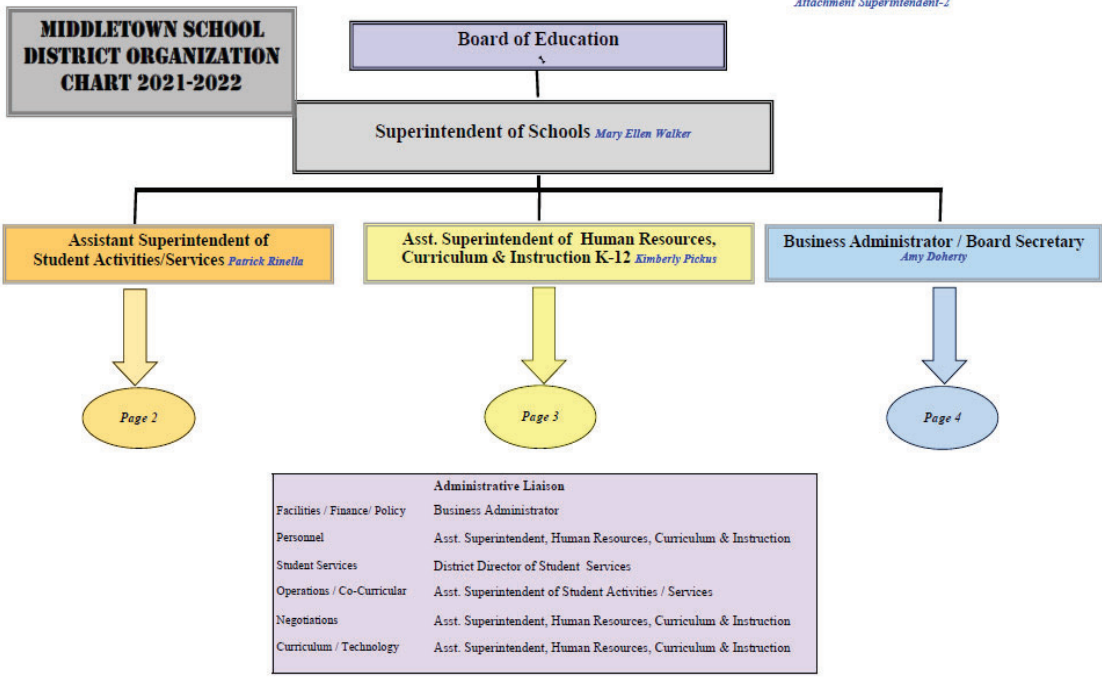
Mary E. Walker

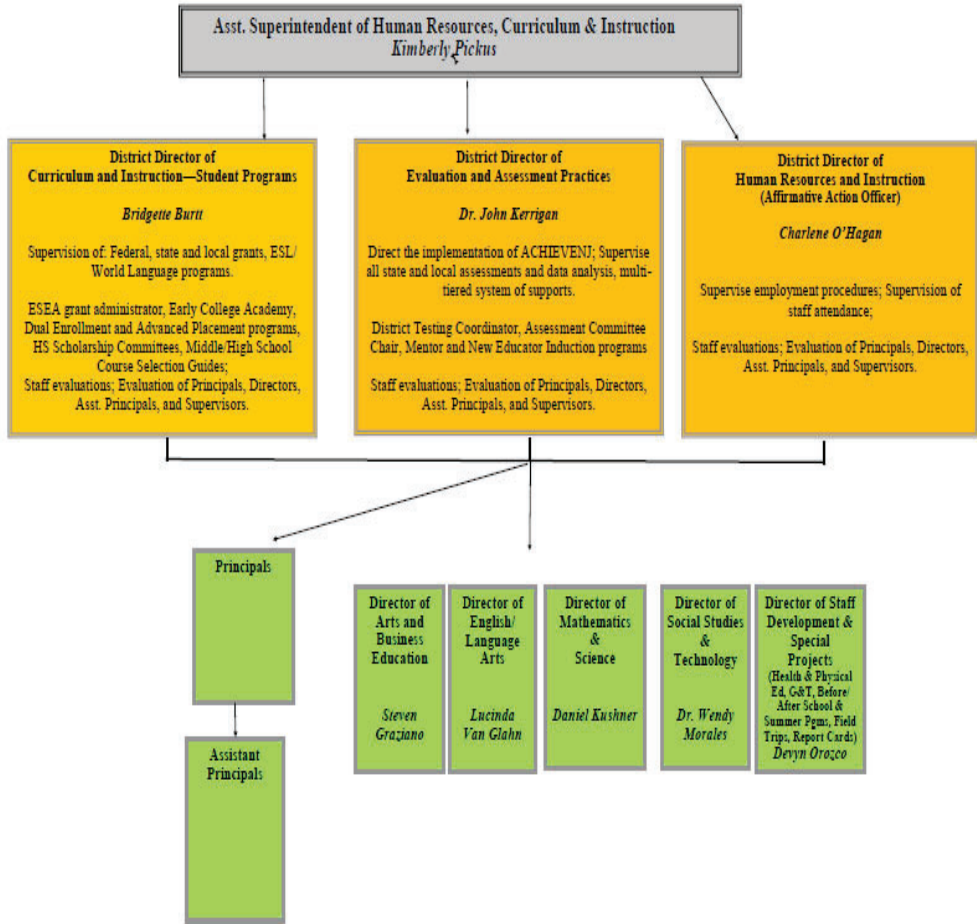
Superintendent of Schools



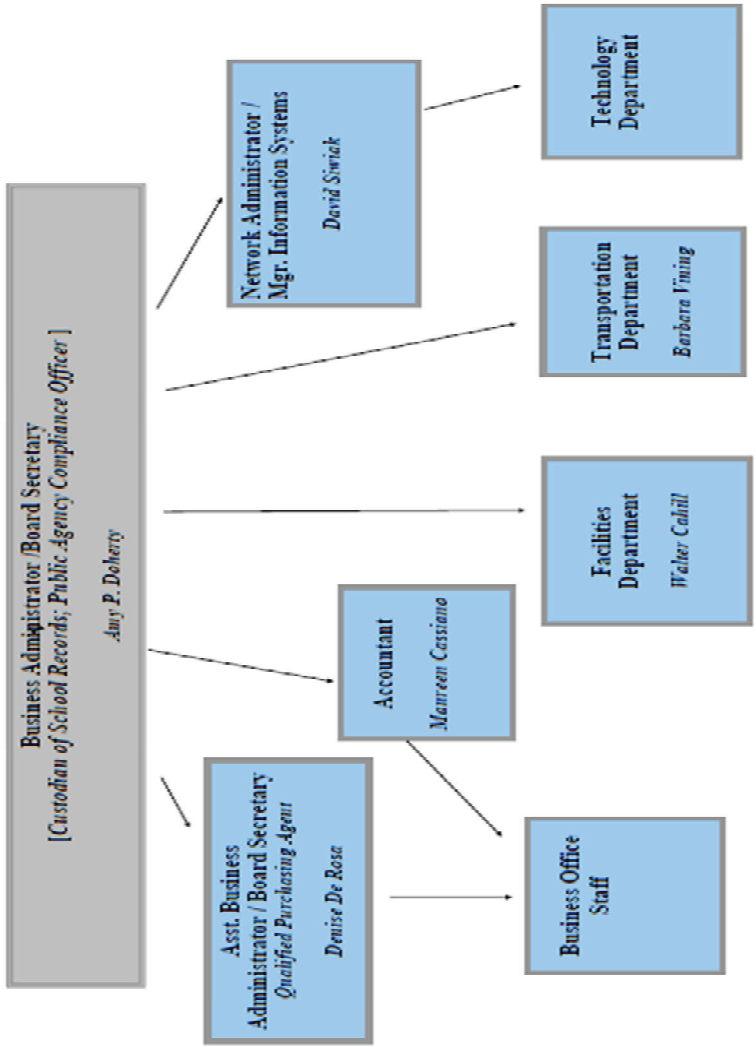
Amy P. Doherty, CPA

Business Administrator/Board Secretary









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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
MIDDLETOWN, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2022**

Members of the Board of Education

**TERM EXPIRES**

Frank Capone, President

2023

Jacqueline Tobacco, Vice President

2023

Leonora Caminiti

2022

Kate Farley

2024

Harmony Barry Heffernan

2023

Michael Donlon

2022

John Little

2022

Joan Minnuies

2024

Deborah Wright

2024

Other Officials

Mary Ellen Walker, 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, 2022**

**AUDITOR/AUDIT FIRM**

Matthew Holman, CPA, PSA  
Holman Frenia Allison, P. C.  
1985 Cedarbridge Avenue, Suite 3  
Lakewood, New Jersey 08701

**ATTORNEY**

Eric L. Harrison, Esq.  
Methfessel & Werbel, ESQS.  
2025 Lincoln Highway, Suite 200  
Edison, NJ 08818

Bruce W. Padula, Esq.  
Cleary, Giacobe, Alfieri, Jacobs, LLC  
955 State Route 34, Suite 200  
Matawan, NJ 07747

**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 Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

**William A. Sutter**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
Executive Director

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**FINANCIAL SECTION**

Second Section

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## INDEPENDENT AUDITOR'S 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

#### *Opinions*

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, 2022, 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.

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 School District as of June 30, 2022, and the respective changes in the 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, and State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter

#### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2022, Middletown Township School District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 and 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* , we have also issued our report dated March 16, 2023 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 F. Holman  
Certified Public Accountant  
Public School Accountant, No. 20CS00260100

Lakewood, New Jersey  
March 16, 2023

**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, 2022

This section of the Middletown Township Board of Education's Annual Comprehensive Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. 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 (2021-2022) and the prior fiscal year (2020-2021) is required to be presented in the MD&A.

#### FINANCIAL HIGHLIGHTS

Key financial highlights for 2021-2022 are as follows:

- In total, net position of governmental activities increased \$7,609,159, which represents a 130.89% increase from 2021. Total net position of business-type activities increased \$828,668, which represents a 144.89% increase from 2021.
- General revenues accounted for \$176,263,853 in revenue or 69.72% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$76,551,141 or 30.28% of total revenues of \$252,814,994.
- Total assets of governmental activities increased by \$2,584,945 as cash and cash equivalents increased by \$5,195,781, receivables increased by \$2,379,420, restricted cash and cash equivalents and cash on hand with fiscal agent decreased by -\$3,128,031, and total capital assets decreased by \$2,149,747.
- Total liabilities of governmental activities decreased by \$7,274,491, as accounts payable increased by \$1,276,307 and non-current liabilities due beyond one year decreased by \$15,226,963.
- The District had \$240,427,355 in governmental activity expenses; only \$71,772,661 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 \$176,263,853 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$7,609,159.
- In the governmental funds, the general fund had \$211,883,039 in revenues and \$213,632,833 in expenditures. The general fund's fund balance decreased by \$1,749,794 during 2022.

## **USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

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.

Under the guidance of the *Governmental Accounting Standards Board* Statement No. 84, the District has reclassified the Fiduciary Funds maintained in the preceding period and now maintains no Fiduciary Funds.

**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, 2022 and 2021, respectively:

**Net Position  
June 30, 2022**

	Governmental Activities		Business-Type Activities	
	<u>2022</u>	<u>2021 Restated</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>				
Current and Other				
Assets	\$ 33,286,636	\$ 28,719,178	\$ 1,119,976	\$ 191,844
Capital Assets, Net	86,726,814	88,589,039	709,657	668,386
Total Assets	<u>120,013,450</u>	<u>117,308,217</u>	<u>1,829,633</u>	<u>860,230</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows				
Relating to Pension	2,523,353	4,539,262	-	-
Deferred Charges on Refunding of Debt	1,746,318	1,923,515	-	-
Total Deferred Outflows of Resources	<u>4,269,671</u>	<u>6,462,777</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Long-Term Liabilities	75,934,569	91,167,804	-	-
Other Liabilities	18,152,272	10,576,891	429,038	288,303
Total Liabilities	<u>94,086,841</u>	<u>101,744,695</u>	<u>429,038</u>	<u>288,303</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows				
Relating to Pension	16,773,584	16,308,603	-	-
Total Deferred Inflows of Resources	<u>16,773,584</u>	<u>16,308,603</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in				
Capital Assets	45,834,253	33,233,556	709,657	668,386
Restricted	7,098,185	12,296,846	-	-
Unrestricted	(39,509,742)	(39,716,865)	690,938	(96,459)
Total Net Position	<u>\$ 13,422,696</u>	<u>\$ 5,813,537</u>	<u>\$ 1,400,595</u>	<u>\$ 571,927</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 \$45,834,253 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, 2022.

Restricted net position decreased \$5,198,661 from the prior year to \$7,098,185 at June 30, 2022.

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 \$(39,509,742) 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, 2022 and 2021. 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.

	<b><u>June 30, 2022</u></b>		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Revenues and Special Items:</b>			
Program Revenues:			
Charges for Services	\$ -	\$ 65,608	\$ 65,608
Operating Grants and Contributions	71,772,661	4,712,872	76,485,533
General Revenues:			
Property Taxes	154,491,455	-	154,491,455
Federal and State Aid	19,280,809	-	19,280,809
Miscellaneous	2,491,589	-	2,491,589
Total Revenues and Special Items	<u>248,036,514</u>	<u>4,778,480</u>	<u>252,814,994</u>
<b>Expenses:</b>			
Instructional Services	158,843,780	-	158,843,780
Support Services	79,992,889	3,949,812	83,942,701
Interest and Other Charges	1,590,687	-	1,590,687
Total Expenses	<u>240,427,355</u>	<u>3,949,812</u>	<u>244,377,167</u>
Change in Net Position	7,609,159	828,668	8,437,827
Net Position, Beginning (As Restated, See Note 21)	5,813,537	571,927	6,385,464
Net Position, Ending	<u>\$ 13,422,696</u>	<u>\$ 1,400,595</u>	<u>\$ 14,823,291</u>

	<b><u>June 30, 2021</u></b>		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ -	\$ 121	\$ 121
Operating Grants and Contributions	59,218,528	1,437,930	60,656,458
General Revenues:			
Property Taxes	153,192,098	-	153,192,098
Federal and State Aid	20,493,728	-	20,493,728
Miscellaneous	1,925,722	-	1,925,722
Total Revenues	<u>234,830,076</u>	<u>1,438,051</u>	<u>236,268,127</u>
<b>Expenses:</b>			
Instructional Services	144,369,713	-	144,369,713
Support Services	78,913,637	1,459,524	80,373,161
Interest and Other Charges	597,762	-	597,762
Total Expenses	<u>223,881,112</u>	<u>1,459,524</u>	<u>225,340,636</u>
Change in Net Position	10,948,964	(21,473)	10,927,491
Net Position, Beginning	(4,727,617)	593,400	(4,134,217)
Net Position, Ending	<u>\$ 6,221,347</u>	<u>\$ 571,927</u>	<u>\$ 6,793,274</u>

### Financial Analysis of the District's Funds

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

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

### Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2022 and 2021 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	<b><u>June 30, 2022</u></b>			
	Amount	Percent Of Total	Increase (Decrease) From 2021	Percent of Increase (Decrease)
Local Tax Levy	\$ 154,491,455	68.09%	\$ 1,299,357	0.85%
Tuition Charges	1,019,001	0.45%	477,196	88.08%
Miscellaneous	2,572,576	1.13%	1,145,395	80.26%
State Sources	62,061,477	27.35%	7,389,239	13.52%
Federal Sources	6,752,964	2.98%	2,226,025	49.17%
Total	<u>\$ 226,897,473</u>	<u>100.00%</u>	<u>\$ 12,537,212</u>	<u>5.85%</u>

**June 30, 2021**

	Amount	Percent Of Total	Increase (Decrease) From 2020	Percent of Increase (Decrease)
Local Tax Levy	\$ 153,192,098	71.46%	\$ 3,944,316	2.64%
Tuition Charges	541,805	0.25%	(120,003)	-18.13%
Miscellaneous	1,427,181	0.67%	409,939	40.30%
State Sources	54,672,238	25.50%	6,314,670	13.06%
Federal Sources	4,526,939	2.11%	771,090	20.53%
Total	<u>\$ 214,360,261</u>	<u>100.00%</u>	<u>\$ 11,320,012</u>	<u>1.50%</u>

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, 2022 and 2021 and the amount and percentage of increases and (decreases) in relation to prior year expenditures.

**June 30, 2022**

	Amount	Percent Of Total	Increase (Decrease) From 2021	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 88,039,413	38.27%	\$ 4,838,847	5.82%
Undistributed	132,321,107	57.52%	15,538,360	13.31%
Capital Outlay	3,173,306	1.38%	1,725,959	119.25%
Debt Service:				
Principal	4,860,000	2.11%	(201,917)	-3.99%
Interest	1,630,443	0.71%	279,327	20.67%
Total	<u>\$ 230,024,269</u>	<u>100.00%</u>	<u>\$ 22,180,576</u>	<u>10.67%</u>

**June 30, 2021**

	Amount	Percent Of Total	Increase (Decrease) From 2020	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 83,200,566	40.03%	\$ 1,142,794	1.43%
Undistributed	116,782,747	56.19%	4,107,256	3.89%
Capital Outlay	1,447,347	0.70%	(12,299,203)	-79.69%
Debt Service:				
Principal	5,061,917	2.44%	185,000	4.13%
Interest	1,351,116	0.65%	(184,025)	-7.08%
Total	<u>\$ 207,843,693</u>	<u>100.00%</u>	<u>\$ (7,048,178)</u>	<u>-3.39%</u>

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added. Capital Outlay increased in conjunction with more projects budgeted for in 2021 - 2022.

## General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2021-2022 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 2021-2022 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2021-2022 unassigned fund balance decreased by \$1,069,013 to \$5,033,871 (4% allowed per legislation S-2691, 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 \$828,668 in 2021-2022 as compared to a change in net position of \$(21,473) in 2020-2021. The Board has made significant investments in equipment for the food service operations over the last few years for the implementation of the block lunch schedule at the high schools and the transition from a plated satellite program to a bulk satellite/serving line food service program at the elementary schools. Operating revenues increased by 54,121% in 2021-2022 and operating expenses increased by 175%. The food service fund incurred an operating loss of \$(3,884,204) in 2021-2022, as compared to an operating loss of \$(1,459,524) in 2020-2021. Funding from the State and Federal Government under the State and National Programs increased \$3,274,942 from 2020-2021 to 2021-2022. The unrestricted net position of the food service program was \$690,938 and the restricted amount of Net Investment in Capital Assets totaled \$709,657 at June 30, 2022.



## Capital Assets

At June 30, 2022 the District had capital assets of \$87,148,949, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2022</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 16,909,500	\$ -
Construction In Progress	3,025,572	28,880
Land Improvements	3,572,308	-
Buildings/Construction	58,351,319	311,432
Machinery and Equipment	4,580,593	369,345
Total	<u>\$ 86,439,292</u>	<u>\$ 709,657</u>

	<u>June 30, 2021</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 16,909,500	\$ -
Construction In Progress	325,937	-
Land Improvements	3,925,787	-
Buildings/Construction	62,106,141	332,154
Machinery and Equipment	5,321,674	336,232
Total	<u>\$ 88,589,039</u>	<u>\$ 668,386</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, 2022 and 2021, the District's outstanding debt issues included \$37,145,000 and \$42,005,000 respectively of general obligation bonds (2020 refunding bonds, 2014 issue, and 2013 refunding bonds), \$8,563,117 and \$9,278,363 respectively of leases and financed purchases (Restated - Savin Copiers (lease) and ESIP Lease (finance purchase)) and \$4,340,518 and \$4,468,152 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 2022-2023 budget will be adequate to satisfy all 2022-2023 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 2022-2023.
- The District was notified that its 2021-2022 state aid was being reduced. State aid for 2021-2022 reflected a reduction of \$993,183. Additional reductions in state aid are projected to total approximately \$820,000 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. However, recent legislation passed in response to the COVID-19 pandemic (S-2691) now allows the School District to maintain a surplus of 4% for the 2020-2021, 2021-2022, and 2022-2023 school years.
- The District has annual updated enrollment projections done which project stability in enrollment over the next five years.

### **Requests for Information**

This financial report is designed to provide a general overview of the Middletown Township 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, 2022**

	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	
	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 21,472,993	\$ 750,979	\$ 22,223,972
Receivables, Net (Note 4)	6,311,819	368,997	6,680,816
Restricted Cash & Cash Equivalents	5,501,824	-	5,501,824
Right to Use Leased Assets, Net (Note 20)	287,522	-	287,522
Capital Assets, Net (Note 5):			
Non-Depreciable	19,935,072	-	19,935,072
Depreciable	66,504,220	709,657	67,213,877
<b>Total Assets</b>	<b>120,013,450</b>	<b>1,829,633</b>	<b>121,843,083</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	2,523,353	-	2,523,353
Related to Loss on Debt Refunding	1,746,318	-	1,746,318
<b>Total Deferred Outflow of Resources</b>	<b>4,269,671</b>	<b>-</b>	<b>4,269,671</b>
<b>LIABILITIES:</b>			
Cash Deficit	394,326	-	394,326
Accounts Payable	3,628,251	321,840	3,950,091
Due to Other Governments	2,833,895	-	2,833,895
Unearned Revenue	491,387	106,943	598,330
Accrued Interest	393,642	-	393,642
Accrued Salaries and Wages	283,749	-	283,749
Other Liabilities	-	255	255
Payroll Deductions and Withholdings	4,693,714	-	4,693,714
Claims Payable	5,217,416	-	5,217,416
Unemployment Trust Liability	215,892	-	215,892
Noncurrent Liabilities (Note 7):			
Due Within One Year	6,562,517	-	6,562,517
Due in More Than One Year	69,372,052	-	69,372,052
<b>Total Liabilities</b>	<b>94,086,841</b>	<b>429,038</b>	<b>94,515,879</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	16,773,584	-	16,773,584
<b>Total Deferred Inflow of Resources</b>	<b>16,773,584</b>	<b>-</b>	<b>16,773,584</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	45,834,253	709,657	46,543,910
Restricted for:			
Capital Projects	2,220,917	-	2,220,917
Debt Service	28,236	-	28,236
Maintenance Reserve	569,081	-	569,081
Legal Reserve	2,289,240	-	2,289,240
Unemployment Reserve	422,586	-	422,586
Student Activities	555,347	-	555,347
Scholarship	613,104	-	613,104
Excess Surplus	399,674	-	399,674
Unrestricted (Deficit)	(39,509,742)	690,938	(38,818,804)
<b>Total Net Position</b>	<b>\$ 13,422,696</b>	<b>\$ 1,400,595</b>	<b>\$ 14,823,291</b>

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

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	\$ 120,097,074	\$ -	\$ 47,733,856	\$ (72,363,218)	\$ -	\$ (72,363,218)
Special Education Instruction	34,300,458	-	11,776,301	(22,524,157)	-	(22,524,157)
Other Instruction	4,446,248	-	1,526,521	(2,919,727)	-	(2,919,727)
Support Services:						
Tuition	5,979,440	-	637,878	(5,341,562)	-	(5,341,562)
Student & Instruction Related Services	23,758,411	-	4,598,906	(19,159,505)	-	(19,159,505)
General Administrative	3,102,730	-	330,995	(2,771,735)	-	(2,771,735)
School Administrative Services	8,817,303	-	940,617	(7,876,686)	-	(7,876,686)
Central Services	1,789,087	-	190,857	(1,598,230)	-	(1,598,230)
Administrative Info. Technology	1,050,381	-	112,053	(938,328)	-	(938,328)
Plant Operations & Maintenance	19,422,757	-	2,210,057	(17,212,700)	-	(17,212,700)
Pupil Transportation	16,072,780	-	1,714,621	(14,358,159)	-	(14,358,159)
Interest & Other Charges	1,590,687	-	-	(1,590,687)	-	(1,590,687)
Total Governmental Activities	240,427,355	-	71,772,661	(168,654,694)	-	(168,654,694)
Business-Type Activities:						
Food Service	3,949,812	65,608	4,712,872	-	828,668	828,668
Total Business-Type Activities	3,949,812	65,608	4,712,872	-	828,668	828,668
Total Primary Government	\$ 244,377,167	\$ 65,608	\$ 76,485,533	(168,654,694)	828,668	(167,826,026)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				149,786,501	-	149,786,501
Property Taxes, Levied for Debt Service				4,704,954	-	4,704,954
Federal & State Aid Restricted				1,723,716	-	1,723,716
Federal & State Aid Not Restricted				17,557,093	-	17,557,093
Tuition Charges				1,019,001	-	1,019,001
Miscellaneous				1,472,588	-	1,472,588
Total General Revenues and Special Items				176,263,853	-	176,263,853
Change In Net Position				7,609,159	828,668	8,437,827
Net Position - Beginning (Restated, See Note 21)				5,813,537	571,927	6,385,464
Net Position - Ending				\$ 13,422,696	\$ 1,400,595	\$ 14,823,291

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



**B. Fund Financial Statements**

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## **Governmental Funds**

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 21,443,962	\$ -	\$ 795	\$ 28,236	\$ 21,472,993
Receivables, Net:					
Due from Other Governments:					
Federal	-	2,850,287	-	-	2,850,287
State	3,096,456	-	-	-	3,096,456
Local	-	113,260	-	-	113,260
Other Receivables	251,816	-	-	-	251,816
Restricted Cash & Cash Equivalents	5,501,824	-	-	-	5,501,824
Total Assets	<u>\$ 30,294,058</u>	<u>\$ 2,963,547</u>	<u>\$ 795</u>	<u>\$ 28,236</u>	<u>\$ 33,286,636</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Cash Deficit	\$ -	\$ 394,326	\$ -	\$ -	394,326
Accounts Payable	3,457,386	170,865	-	-	3,628,251
Intergovernmental Payable:					
Federal	-	630,508	-	-	630,508
State	-	113,260	-	-	113,260
Unearned Revenue	5,250	486,137	-	-	491,387
Unemployment Trust Liability	215,892	-	-	-	215,892
Payroll Deductions and Withholdings	4,693,714	-	-	-	4,693,714
Claims Payable	5,217,416	-	-	-	5,217,416
Accrued Salaries and Wages	283,749	-	-	-	283,749
Total Liabilities	<u>13,873,407</u>	<u>1,795,096</u>	<u>-</u>	<u>-</u>	<u>15,668,503</u>
Fund Balances:					
Restricted for:					
Capital Reserve	2,220,917	-	-	-	2,220,917
Maintenance Reserve	569,081	-	-	-	569,081
Legal Reserve	2,289,240	-	-	-	2,289,240
Unemployment Reserve	422,586	-	-	-	422,586
Student Activities	-	555,347	-	-	555,347
Scholarship	-	613,104	-	-	613,104
Excess Surplus Designated for Subsequent Year	399,674	-	-	-	399,674
Debt Service	-	-	-	28,236	28,236
Committed to:					
Other Purposes	2,886,319	-	-	-	2,886,319
Assigned to:					
Other Purposes	2,598,963	-	795	-	2,599,758
Unassigned	5,033,871	-	-	-	5,033,871
Total Fund Balances	<u>16,420,651</u>	<u>1,168,451</u>	<u>795</u>	<u>28,236</u>	<u>17,618,133</u>
Total Liabilities & Fund Balances	<u>\$ 30,294,058</u>	<u>\$ 2,963,547</u>	<u>\$ 795</u>	<u>\$ 28,236</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$212,682,951 and the accumulated depreciation is \$126,243,659.					
					86,439,292
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$383,363 and the accumulated amortization is \$95,841.					
					287,522
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.					
					2,523,353
					(16,773,584)
					1,746,318
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.					
					(393,642)
Accrued pension contributions for the June 30, 2022 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.					
					(2,090,127)
Long-term liabilities, including net pension liability, leases obligations, financed purchases payable and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					
					(75,934,569)
Net Position of Governmental Activities					<u>\$ 13,422,696</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 149,786,501	\$ -	\$ -	\$ 4,704,954	\$ 154,491,455
Tuition Charges	1,019,001	-	-	-	1,019,001
Miscellaneous	1,444,445	1,127,816	-	315	2,572,576
Total Local Sources	152,249,947	1,127,816	-	4,705,269	158,083,032
State Sources	59,523,023	1,450,549	-	1,087,905	62,061,477
Federal Sources	110,069	6,642,895	-	-	6,752,964
Total Revenues	211,883,039	9,221,260	-	5,793,174	226,897,473
Expenditures:					
Current:					
Instruction:					
Regular Instruction	60,056,996	6,505,355	-	-	66,562,351
Special Education Instruction	19,012,534	-	-	-	19,012,534
Other Instruction	2,464,528	-	-	-	2,464,528
Support Services:					
Tuition	4,508,787	-	-	-	4,508,787
Attendance & Social Work Services	304,720	-	-	-	304,720
Health Services	2,599,124	-	-	-	2,599,124
Student & Instruction Related Services	12,944,316	2,066,831	-	-	15,011,147
General Administrative	2,339,609	-	-	-	2,339,609
School Administrative Services	6,648,673	-	-	-	6,648,673
Central Services	1,349,058	-	-	-	1,349,058
Administrative Information Technology	792,038	-	-	-	792,038
Plant Operations & Maintenance	15,621,601	-	-	-	15,621,601
Pupil Transportation	12,119,654	-	-	-	12,119,654
Unallocated Benefits	28,950,697	-	-	-	28,950,697
On Behalf TPAF Pension and Social Security Contributions	42,075,999	-	-	-	42,075,999
Capital Outlay	1,817,299	635,811	720,196	-	3,173,306
Debt Service:					
Principal	-	-	-	4,860,000	4,860,000
Interest & Other Charges	27,200	-	-	1,603,243	1,630,443
Total Expenditures	213,632,833	9,207,997	720,196	6,463,243	230,024,269
Excess/(Deficiency) of Revenues Over Expenditures	(1,749,794)	13,263	(720,196)	(670,069)	(3,126,796)
Net Changes in Fund Balances	(1,749,794)	13,263	(720,196)	(670,069)	(3,126,796)
Fund Balance, July 1	18,170,445	1,155,188	720,991	698,305	20,744,929
Fund Balance, June 30	\$ 16,420,651	\$ 1,168,451	\$ 795	\$ 28,236	\$ 17,618,133

**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, 2022**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		\$ (3,126,796)
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	(5,024,295)
	Loss on Disposal of Capital Asset	(36,909)
	Capital Asset Additions	3,319,269
		(1,741,935)
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.		6,265,335
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.		5,575,246
Governmental funds recognize the right to use leased assets as a revenue when lease is first entered, whereas these amounts are deferred and amortized in the statement of activities. The net effects of these transactions is as follows:		
	Amortization of Right to Use Leased Assets	(95,841)
		(95,841)
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:		
	Amortization of Premium on Bonds	735,426
	Amortization of Loss on Bond Refunding	(177,197)
		558,229
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 (+).		47,287
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 (+).		127,634
Change in Net Position of Governmental Activities		\$ 7,609,159

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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, 2022**

	<b>MAJOR FUNDS</b>
	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>
	<b>FOOD SERVICE</b>
<b>ASSETS</b>	
Current Assets:	
Cash & Cash Equivalents	\$ 750,979
Accounts Receivable:	
Federal	355,835
State	7,246
Other Receivables	5,916
	1,119,976
Total Current Assets	1,119,976
Noncurrent Assets:	
Capital Assets	1,381,975
Less: Accumulated Depreciation	(672,318)
	709,657
Total Capital Assets, Net	709,657
Total Noncurrent Assets	709,657
Total Assets	1,829,633
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	321,840
Unearned Revenue	106,943
Other Current Liabilities	255
	429,038
Total Current Liabilities	429,038
<b>NET POSITION</b>	
Net Investment in Capital Assets	709,657
Unrestricted	690,938
	1,400,595
Total Net Position	\$ 1,400,595

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, 2022**

	<b>MAJOR FUNDS</b>
	<b>BUSINESS-TYPE</b>
	<b>ACTIVITIES -</b>
	<b>ENTERPRISE</b>
	<b>FUNDS</b>
	<b>FOOD</b>
	<b>SERVICE</b>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 49,743
Special Functions	3,135
Miscellaneous	12,730
	65,608
Total Operating Revenues	65,608
Operating Expenses:	
Cost of Sales - Reimbursable Programs	1,520,984
Salaries	1,217,668
Supplies and Materials	396,399
Depreciation	66,305
Management and Administrative Fees	708,094
Other	40,362
	3,949,812
Total Operating Expenses	3,949,812
Operating Income/(Loss)	(3,884,204)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	93,880
Federal Sources:	
National School Lunch Program	3,999,015
National School Breakfast Program	429,059
Emergency Operational Costs	59,186
P-EBT	6,198
Food Distribution Program	125,519
Interest Revenue	15
	4,712,872
Total Nonoperating Revenues/(Expenses)	4,712,872
Change in Net Position	828,668
Total Net Position - Beginning	571,927
Total Net Position - Ending	\$ 1,400,595

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, 2022**

	<b>MAJOR FUNDS</b>
	<b>BUSINESS-TYPE</b>
	<b>ACTIVITIES -</b>
	<b>ENTERPRISE</b>
	<b>FUNDS</b>
	<b>FOOD</b>
	<b>SERVICE</b>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ (136,096)
Payments to Employees	(1,217,668.00)
Payments to Suppliers	(2,352,424)
	(3,706,188)
Cash Flows From Noncapital Financing Activities:	
Interest	15
State Sources	93,880
Federal Sources	4,493,458
	4,587,353
Cash Flows From Capital & Related Financing Activities:	
Net Purchases of Capital Assets	(107,576)
	(107,576)
Net Increase/(Decrease) in Cash & Cash Equivalents	773,589
Balances - Beginning of Year	(22,610)
	750,979
Balances - End of Year	\$ 750,979
<b>Reconciliation of Operating Income/(Loss) to Net Cash    Provided by/(Used for) Operating Activities:</b>	
Operating Income/(Loss)	\$ (3,884,204)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	66,305
Food Distribution Program	125,519
(Increase)/Decrease in Accounts Receivable, Net	(177,153)
Increase/(Decrease) in Other Current Liabilities	1
Increase/(Decrease) in Unearned Revenue	(24,551)
Increase/(Decrease) in Accounts Payable	187,895
	178,016
Total Adjustments	178,016
Net Cash Provided/(Used) by Operating Activities	\$ (3,706,188)

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

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**Fiduciary Fund**  
*Not Applicable*

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**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, 2022 of 8,934 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 Statement No. 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34* , GASB Statement No. 80, *Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14* and GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan- an Amendment of GASB Statements No. 14 and No. 84* . The School District had no component units as of for the year ended June 30, 2022.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (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, 2022 (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, 2022 (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, 2022 (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 no fiduciary funds.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (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, 2022 (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 than when purchased.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (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

**Right to Use Leased Assets**

The School District has recorded right to use leased assets as a result of implementing GASB 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

**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, 2022 (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, 2022 (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, 2022 (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 – These components represent 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, 2022 and March 16, 2023, 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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (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, 2022:

Statement No. 87, Leases. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. Implementation of this standard resulted in a prior period adjustment to net position and additional footnotes.

Statement No. 98, The Annual Comprehensive Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has implemented this in the District's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 96, Subscription-Based Information Technology Arrangements. This statement establishes a single approach to accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for reporting periods beginning after June 15, 2022.

Statement No. 100, Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, Compensated Absences. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (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, 2022, the School District’s bank balance of \$28,076,706 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	21,404,305
Uninsured and Uncollateralized		6,672,401
Total	\$	28,076,706

**Investments**

The School District had no investments at June 30, 2022.

**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, 2022 (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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$	3,858,138
Increased by:		
Interest Earnings		4,779
		3,862,917
Decreased by:		
Budget Withdrawals		1,642,000
		2,220,917
Ending Balance, June 30, 2022	\$	2,220,917

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, 2022 (Continued)**

**Note 3. Reserve Accounts (Continued)**

The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$	2,060,533
Decreased by:		
Budget Withdrawals		693,452
Withdrawals Approved by Board		798,000
		798,000
Ending Balance, June 30, 2022	\$	569,081

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.

Balance, June 30, 2022 & 2021	\$	2,289,240
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Unemployment Reserve

Unemployment Claim Reserve funds are restricted pursuant to N.J.S.A. 43:21-7.3(g). Which requires that employer and employee contributions be held in a trust fund maintained by the governmental entity or instrumentality for unemployment benefit cost purposes and any surplus remaining in this trust fund must be retained in reserve for payment of benefit costs in subsequent years.

The activity of the unemployment claim reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$	421,944
Increased by:		
Interest Earnings		642
		642
Ending Balance, June 30, 2022	\$	422,586

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2022 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, 2022, consisted of the following:

<u>Description</u>	Governmental Funds		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
Federal Awards	\$ -	\$ 2,850,287	\$ 2,850,287
State Awards	3,096,456	-	3,096,456
Tuition/Other	251,816	-	251,816
Total	\$ 3,348,272	\$ 2,963,547	\$ 6,311,819

<u>Description</u>	Proprietary Funds	
	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ 355,835	\$ 355,835
State Awards	7,246	7,246
Other	5,916	5,916
Total	\$ 368,997	\$ 368,997

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

	Governmental Activities			
	(Restated) Balance July 1, 2021	Additions	Retirements and Transfers	Balance June 30, 2022
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 16,909,500	\$ -	\$ -	\$ 16,909,500
Construction in Progress	325,937	2,817,587	(117,952)	3,025,572
Total Capital Assets not being depreciated	<u>17,235,437</u>	<u>2,817,587</u>	<u>(117,952)</u>	<u>19,935,072</u>
Capital Assets being depreciated:				
Land Improvements	9,613,169	3,221	-	9,616,390
Buildings and Improvements	171,046,886	309,993	24,325	171,381,204
Equipment	11,507,754	188,466	54,065	11,750,285
Total Capital Assets being depreciated	<u>192,167,809</u>	<u>501,680</u>	<u>78,390</u>	<u>192,747,879</u>
Less: Accumulated Depreciation:				
Land Improvements	(5,687,382)	(356,700)	-	(6,044,082)
Buildings and Improvements	(108,940,745)	(4,089,140)	-	(113,029,885)
Equipment	(6,593,890)	(578,455)	2,653	(7,169,692)
Total Accumulated Depreciation	<u>(121,222,017)</u>	<u>(5,024,295)</u>	<u>2,653</u>	<u>(126,243,659)</u>
Total Capital Assets being depreciated, net	<u>70,945,792</u>	<u>(4,522,615)</u>	<u>81,043</u>	<u>66,504,220</u>
Total Governmental Activities Capital Assets, net	<u>\$ 88,181,229</u>	<u>\$ (1,705,028)</u>	<u>\$ (36,909)</u>	<u>\$ 86,439,292</u>
<b>Business-Type Activities</b>				
	Balance July 1, 2021	Additions	Retirements and Transfers	Balance June 30, 2022
<b>Business-Type Activities:</b>				
Buildings	\$ 414,448	\$ -	\$ -	\$ 414,448
Construction in Progress	-	28,880	-	28,880
Equipment	869,484	82,860	(13,697)	938,647
Total Capital Assets being depreciated	<u>1,283,932</u>	<u>111,740</u>	<u>(13,697)</u>	<u>1,381,975</u>
Less: Accumulated Depreciation:				
Buildings	(82,294)	(20,722)		(103,016)
Equipment	(533,252)	(45,583)	9,533	(569,302)
Total Capital Assets being depreciated, net	<u>(615,546)</u>	<u>(66,305)</u>	<u>9,533</u>	<u>(672,318)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 668,386</u>	<u>\$ 45,435</u>	<u>(4,164)</u>	<u>\$ 709,657</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 5. Capital Assets (Continued)**

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

Governmental Activities

Instruction:

Regular Instruction	\$	2,239,472
Special Education Instruction		639,671
Other Instruction		82,918

Support Services:

Tuition		151,697
Student & Instruction Related Services		602,745
General Administrative		78,715
School Administrative Services		223,693
Central Services		45,389
Administrative Info. Technology		26,648
Plant Operations & Maintenance		525,584
Pupil Transportation		407,762

Total Depreciation Expense - Governmental Activities	\$	5,024,294
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**Note 6. Interfund Receivables, Payables and Transfers**

As of June 30, 2022 there were not interfund balances or transfers.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2022 the following changes occurred in long-term obligations for the governmental and business-type activities:

	(Restated) Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Balance Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 42,005,000	\$ -	\$ 4,860,000	\$ 37,145,000	\$ 5,080,000
Lease Obligations	383,363	-	125,246	258,117	117,091
Financed Purchases Payable	8,895,000	-	590,000	8,305,000	630,000
Unamortized Bond					
Premiums	5,971,188	-	735,426	5,235,762	735,426
Compensated Absences	4,468,152	22,745	150,379	4,340,518	-
Net Pension Liability	29,445,101	12,517,917	21,312,846	20,650,172	-
	<u>\$ 91,167,804</u>	<u>\$ 12,540,662</u>	<u>\$ 27,773,897</u>	<u>\$ 75,934,569</u>	<u>\$ 6,562,517</u>

For governmental activities, the bonds payable is liquidated from the School District's debt service fund. Compensated absences, lease obligations, financed purchases payable, 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, 2022 (Continued)**

**Note 7. Long-Term Obligations (Continued)**

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 5,080,000	\$ 1,398,917	\$ 6,478,917
2024	5,295,000	1,188,705	6,483,705
2025	5,530,000	973,571	6,503,571
2026	5,765,000	741,525	6,506,525
2027	6,015,000	490,975	6,505,975
2028-2030	9,460,000	323,850	9,783,850
	\$ 37,145,000	\$ 5,117,543	\$ 42,262,543

**Lease Obligations**

The School District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The School District executed an agreement on July 17, 2019 to lease copiers for the District, that requires annual payments of \$125,244. There are no variable payment components of the leases. The lease liabilities are measured at an implied discount rate of 3.16% and have a balance of \$258,116 at June 30, 2022. As a result of the leases, the School District has recorded right to use leased assets with a net book value of \$287,522 at June 30, 2022. The right to use leased assets are discussed in more detail in Note 20.

The following is a schedule of the remaining future minimum lease payments under these lease obligations and the present value of the net minimum lease payments at June 30, 2022:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 117,091	\$ 8,156	\$ 125,247
2024	120,791	4,456	125,247
2025	20,235	639	20,874
	\$ 258,117	\$ 13,251	\$ 271,368

**Financed Purchases Payable**

The School District has a financed purchase agreement for an Energy Savings Improvement Plan (ESIP) valued at \$11,200,000 of which \$2,895,000 has matured and been repaid. The following is a schedule of the remaining future minimum financed purchase payments, and the present value of the net minimum financed purchase payments at June 30, 2022:

Fiscal Year Ending June 30,	Total
2023	\$ 905,726
2024	819,810
2025	841,052
2026	860,966
2027	884,552
2028-2032	4,774,898
2033	1,025,968
Total Minimum Lease Payments	10,112,972
Less: Amount Representing Interest	(1,807,972)
Present Value of Minimum Lease Payments	\$ 8,305,000

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

**Bonds Authorized but not Issued**

As of June 30, 2022, the School District had no bonds authorized but not issued.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (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 Annual Comprehensive Financial Report (ACFR) 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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**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 2021, 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, 2022 (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 (Credit)/Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2022, the School District reported a liability of \$20,650,172 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021. The School District's proportion measured as of June 30, 2020, was 0.1743145519%, which was a decrease of 0.0062484344% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized full accrual pension credit of \$(4,223,912) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 325,680	\$ 147,831
Changes of Assumptions	107,546	7,351,595
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	5,439,798
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	3,834,360
School District contributions subsequent to measurement date	2,090,127	-
	\$ 2,523,353	\$ 16,773,584

\$2,090,127 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

<b>Year Ending June 30,</b>	
2022	\$ (6,361,616)
2023	(4,743,032)
2024	(3,429,696)
2025	(1,481,274)
2026	(324,740)
	\$ (16,340,358)

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:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
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	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	-	5.13
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	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
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
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
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%
Mortality Rate of Return:	
PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	9.15%
Real Estate	8.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 78% 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 School District's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 28,421,120	\$ 20,650,172	\$ 14,462,364

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2022 and 2021:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Collective Deferred Outflows of Resources	\$ 1,164,738,169	\$ 2,347,583,337
Collective Deferred Inflows of Resources	\$ 8,339,123,762	\$ 7,849,949
Collective Net Pension Liability	\$ 11,972,782,878	\$ 16,435,616,426
School District's portion	0.17431%	0.18056%

**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 Annual Comprehensive Financial Report (ACFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://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

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.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

**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, 2022 was \$344,231,091. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.7160264999%, which was an increase of 0.0111547164% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized a pension expense in the amount of \$8,099,909 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, 2021 measurement date.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

**Actuarial Assumptions** –The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45% Based on Years of Service
Thereafter	1.55% - 4.45% Based on Years of Service
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 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 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-2021.

The actuarial assumptions used in the July 1, 2021 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, 2021) 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, 2021 are summarized in the following table:

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	9.15%
Real Estate	8.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 7.00% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were 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, 2022 (Continued)**

**Note 8. Pension Plans (Continued)**

	<b>At 1% Decrease <u>(6.00%)</u></b>	<b>At Current Discount Rate <u>(7.00%)</u></b>	<b>At 1% Increase <u>(8.00%)</u></b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 407,282,880	\$ 344,231,091	\$ 291,271,550

**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 Teacher's 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, 2022 and 2021:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Collective Deferred Outflows of Resources	\$ 6,373,530,834	\$ 9,626,548,228
Collective Deferred Inflows of Resources	27,363,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
State's Proportionate Share associated with the District	0.71603%	0.70487%

**C. 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, 2022 (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, 2022, employee contributions totaled \$258,212 and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$189,161.

**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 post-employment (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 post-employment 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, 2022 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

<b>Inflation Rate</b>	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on age
Thereafter	2.75 - 5.65% based on years of service	3.00 - 7.00% based on years of service	Not Applicable

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-2021. 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-2021. 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-2021 for current disables retirees. Future disabled retirees were based on Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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, PERS and PFRS, 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, 2021 was \$404,667,876. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State proportionate share of the OPEB Obligation attributable to the School District was 0.5967675846%, which was a decrease of 0.0079699465% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$21,126,914 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, 2021 measurement date.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend is 5.00%.

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. 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, 2021, 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:

	<b>June 30, 2021</b>		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 484,728,589	\$ 404,667,876	\$ 341,624,871
State of New Jersey's Total Nonemployer OPEB Liability	\$ 71,879,745,555	\$ 60,007,650,970	\$ 50,659,089,138

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (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, 2021, 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:

	<b>June 30, 2021</b>		
	At 1% Decrease	Healthcare cost Trend Rate*	At 1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 327,579,623	\$ 404,667,876	\$ 508,191,250
State of New Jersey's Total Nonemployer OPEB Liability	\$ 48,576,338,417	\$ 60,007,650,970	\$ 75,358,991,782

\* 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	\$ 9,045,886,863	\$ (18,009,362,976)
Change in Assumptions	10,179,536,966	(6,438,261,807)
Contributions Made in Fiscal Year Ending 6/30/2022 After Measurement Date	TBD	-
	\$ 19,225,423,829	\$ (24,447,624,783)

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (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,		
2022	\$	(1,182,303,041)
2023		(1,182,303,041)
2024		(1,182,303,041)
2025		(1,182,303,041)
2026		(840,601,200)
Thereafter		347,612,410
	\$	(5,222,200,954)

\*\* Employer Contributions made after June 30, 2021 are reported as a deferred outflow of resources, but are not amortized in expense.

**Plan Membership**

At June 30, 2020, the Program membership consisted of the following:

	June 30, 2020
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	150,427
	364,328

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

<b>Total OPEB Liability</b>	
Service Cost	\$ 3,217,184,264
Interest Cost	1,556,661,679
Difference Between Expected & Actual Experience	(63,870,842)
Change of Benefit Terms	(11,385,071,658)
Changes of Assumptions	59,202,105
Contributions: Member	39,796,196
Gross Benefit Payments	(1,226,213,382)
Net Change in Total OPEB Liability	(7,802,311,638)
Total OPEB Liability (Beginning)	67,809,962,608
Total OPEB Liability (Ending)	60,007,650,970
Total Covered Employee Payroll	14,425,669,769
Net OPEB Liability as a Percentage of Payroll	416%

**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, 2022, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$23,723,589, \$6,845,853 and \$10,459, respectively.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 (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, employee contributions, reimbursements to the State for benefits paid and the ending unemployment claims fund balance and/or unemployment trust liability of the School District for the current year and previous two years.

Fiscal Year	School District		Employee		Ending Balance	
	Contributions	Contributions	Contributions	Reimbursed	Restricted Unemployment Fund Balance	Unemployment Trust Liability
2022	\$ 642	\$ 163,011	\$ -	\$ 422,586	\$ 215,892	
2021	816	146,707	93,826	421,944	52,881	
2020	-	149,317	124,144	421,128	-	

**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 Annual Comprehensive 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, 2022 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, 2022 (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	Victory Capital
Equitable	Lincoln Investment Planning, Inc.	Aspire 403(b)
	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, 2022, the liability for compensated absences reported was \$4,340,518.

**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, 2022 (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, 2022 was \$0.

**Note 17. Fund Balances**

**General Fund** – Of the \$16,420,651 General Fund fund balance at June 30, 2022, \$2,220,917 has been restricted for the Capital Reserve Account; \$569,081 has been restricted for the Maintenance Reserve Account; \$2,289,240 has been restricted for legal reserve; \$422,586 has been restricted for the Unemployment Reserve Account, \$399,674 has been restricted for excess surplus designated for subsequent year expenditures; \$2,598,163, has been assigned to other purposes; and \$5,033,871 has been unassigned.

**Special Revenue Fund** – Of the \$1,168,451 Special Revenue Fund fund balance at June 30, 2022, \$555,347 is restricted for Student Activities and \$613,104 is restricted for Scholarships.

**Capital Projects Fund** – Of the \$795 Capital Projects Fund fund balance at June 30, 2022, \$795 has been assigned to other purposes.

**Debt Service Fund** – Of the \$28,236 Debt Service Fund fund balance at June 30, 2022, \$28,236 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 (\$39,509,742) at June 30, 2022. 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, 2022. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**Note 19. Commitments**

The District has contractual commitments as June 30, 2022 to various vendors, which are recorded in the General Fund as Fund Balance Assigned to Other Purposes in the amount of \$2,598,963 and \$795 in the Capital Projects Fund included in Restricted Fund Balance.



**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022 (Continued)**

**Note 20. Right to Use Leased Assets**

The School District has recorded right to use leased assets. The right to use leased assets are leased equipment. The related leases are discussed in the Note 7. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>
Right to Use Leased Assets:				
Equipment	\$ 383,363	\$ -	\$ -	\$ 383,363
Subtotal	<u>383,363</u>	<u>-</u>	<u>-</u>	<u>383,363</u>
Accumulated Amortization:				
Equipment	-	(95,841)	-	(95,841)
Subtotal	<u>-</u>	<u>(95,841)</u>	<u>-</u>	<u>(95,841)</u>
Right to Use Leased Assets, Net	<u>\$ 383,363</u>	<u>\$ (95,841)</u>	<u>\$ -</u>	<u>\$ 287,522</u>

**Note 21. Prior Period Adjustment/Restatement of Net Position**

The District made a prior year adjustment in the district-wide financial statements to record an intangible right to use leased asset and a lease liability as of June 30, 2021 as a result of implementing GASB 87, *Leases* :

	Balance June 30, 2021 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance June 30, 2021 as <u>Restated</u>
Statement of Net Position - <u>Governmental Activities</u>			
Assets:			
Right to Use Leased Assets, Net	-	287,522	287,522
Total Assets	117,428,505	(120,288)	117,308,217
Noncurrent Liabilities:			
Due Within One Year	6,185,426	242,337	6,427,763
Due Beyond One Year	84,599,015	141,026	84,740,041
Total Liabilities	90,784,441	383,363	91,167,804
Net Position:			
Net Investment in Capital Assets	33,641,366	(407,810)	33,233,556
Total Net Position	6,221,347	(407,810)	5,813,537

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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, 2022

ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 149,786,501	\$ -	\$ 149,786,501	\$ -
Tuition From LEAs Within State	400,000	-	400,000	824,841
Tuition From Other Sources	200,000	-	200,000	194,160
Transportation Fees from Other LEA's	800,000	-	800,000	918,920
Interest	151,100	-	151,100	36,697
Revenue from Enterprise Activities	165,000	-	165,000	130,106
Rents and Royalties	30,000	-	30,000	70,962
Miscellaneous	120,000	-	120,000	287,759
Total Local Sources	151,652,601	-	151,652,601	152,249,946
State Sources:				
Categorical Transportation Aid	3,160,000	-	3,160,000	-
Extraordinary Aid	1,500,000	-	1,500,000	2,079,695
Categorical Special Education Aid	7,019,398	-	7,019,398	-
Equalization Aid	966,925	-	966,925	-
Categorical Security Aid	861,307	-	861,307	-
Adjustment Aid	2,515,991	-	2,515,991	-
Other Unrestricted State Aid	-	-	-	185,567
Securing Our Children's Future Bond Act	-	538,389	538,389	-
Nonbudgeted:				
TPAF - Post Retirement Medical (Noncash Assistance)	-	-	-	6,845,853
TPAF - Pension Contributions (Noncash Assistance)	-	-	-	29,300,805
TPAF - Long-Term Disability Insurance (Noncash Assistance)	-	-	-	10,459
Reimbursed TPAF Social Security Contributions	-	-	-	5,918,882
Total State Sources	16,023,621	538,389	16,562,010	59,403,271
Federal Sources:				
Medicaid Reimbursement	212,519	-	212,519	110,069
Total Federal Sources	212,519	-	212,519	110,069
Total Revenues	167,888,741	538,389	168,427,130	211,763,286

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	11-110-100-101	2,672,420	118,786	2,791,206	-
Grades 1-5 - Salaries of Teachers	11-120-100-101	18,967,232	2,411	18,969,643	-
Grades 6-8 - Salaries of Teachers	11-130-100-101	13,589,142	(761,075)	12,828,067	-
Grades 9-12 - Salaries of Teachers	11-140-100-101	16,563,572	(106,685)	16,456,887	-
Regular Programs - Home Instruction:					
Salaries of Teachers	11-150-100-101	70,000	98,468	168,468	-
Purchased Professional - Educational Services	11-150-100-320	61,500	(38,269)	23,231	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11-190-100-106	1,201,564	733,516	1,935,080	-
Purchased Professional - Educational Services	11-190-100-320	2,326,493	306,452	2,632,945	1,497
Purchased Technical Services	11-190-100-340	406,702	(32,858)	373,844	15,334
Other Purchased Services	11-190-100-500	84,950	(77,263)	7,687	737
General Supplies	11-190-100-610	2,518,864	1,228,200	3,747,064	479,933
Textbooks	11-190-100-640	711,201	(90,529)	620,672	297
<b>Total Regular Programs - Instruction</b>		<b>59,173,640</b>	<b>1,381,154</b>	<b>60,554,794</b>	<b>497,798</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	11-204-100-101	1,423,510	(197,584)	1,225,926	-
Other Salaries for Instruction	11-204-100-106	867,292	103,160	970,452	-
Purchased Professional - Educational Services	11-204-100-320	82,000	3,646	85,646	-
General Supplies	11-204-100-610	16,000	(8,847)	7,153	196
<b>Total Learning and/or Language Disabilities</b>		<b>2,388,802</b>	<b>(99,625)</b>	<b>2,289,177</b>	<b>196</b>
Behavioral Disabilities:					
Salaries of Teachers	11-209-100-101	776,352	(12,104)	764,248	-
Other Salaries for Instruction	11-209-100-106	400,942	28,571	429,513	-
Purchased Professional - Educational Services	11-209-100-320	39,000	6,647	45,647	-
General Supplies	11-209-100-610	5,000	(2,855)	2,145	622
Other Objects	11-209-100-800	3,000	(3,000)	-	-
<b>Total Behavioral Disabilities</b>		<b>1,224,294</b>	<b>17,259</b>	<b>1,241,553</b>	<b>622</b>



MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Multiple Disabilities:				
Salaries of Teachers	509,656	24,279	533,935	-
Other Salaries for Instruction	968,001	(227,830)	740,171	-
Purchased Professional - Educational Services	47,000	(14,101)	32,899	-
General Supplies	5,000	(2,675)	2,325	-
Total Multiple Disabilities	1,529,657	(220,327)	1,309,330	-
Resource Room/Resource Center:				
Salaries of Teachers	10,426,263	(363,188)	10,063,075	3
Other Salaries	973,468	(636,541)	336,927	-
Purchased Professional - Educational Services	200,000	(20,390)	179,610	-
General Supplies	8,000	(4,809)	3,191	-
Total Resource Room/Resource Center	11,607,731	(1,024,928)	10,582,803	3
Autism:				
Salaries of Teachers	896,010	(110,883)	785,127	1,958
Other Salaries for Instruction	1,016,782	(123,448)	893,334	-
Purchased Professional - Educational Services	30,000	3,070	33,070	-
General Supplies	8,000	(4,759)	3,241	-
Total Autism	1,950,792	(236,020)	1,714,772	1,958
Preschool Disabilities - Full-Time:				
Salaries of Teachers	1,228,814	(24,392)	1,204,422	-
Other Salaries for Instruction	547,289	(71,836)	475,453	-
Purchased Professional - Educational Services	28,000	29,451	57,451	-
General Supplies	9,662	(4,621)	5,041	-
Total Preschool Disabilities - Full-Time	1,813,765	(71,398)	1,742,367	-
Home Instruction:				
Salaries of Teachers	50,000	70,799	120,799	-
Purchased Professional - Educational Services	86,557	(70,485)	16,072	1,560
Total Home Instruction	136,557	314	136,871	1,560
Total Special Education - Instruction	20,651,598	(1,634,725)	19,016,873	4,339

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
School-Sponsored Cocurricular/Extra Curricular Activities - Instruction: Salaries	11-401-100-100	577,000	(1,026)	575,974	548,767	27,207
Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction		577,000	(1,026)	575,974	548,767	27,207
School-Sponsored Athletics - Instruction: Salaries	11-402-100-100	1,146,242	98,964	1,245,206	1,245,206	-
Purchased Services	11-402-100-500	952	(952)	-	-	-
Supplies and Materials	11-402-100-600	205,644	(11,171)	194,473	186,105	8,368
Other Objects	11-402-100-800	418,201	(57,193)	361,008	359,608	1,400
Total School-Sponsored Athletics - Instruction		1,771,039	29,648	1,800,687	1,790,919	9,768
Before/After School Programs - Instruction: Salaries of Teachers	11-421-100-101	105,000	(62,658)	42,342	42,342	-
Total Before/After School Programs - Instruction		105,000	(62,658)	42,342	42,342	-
Summer School - Instruction: Salaries of Teachers	11-422-100-101	82,500	-	82,500	82,500	-
Total Summer School - Instruction		82,500	-	82,500	82,500	-
Undistributed Expenditures - Instruction (Tuition): Tuition to Other LEAs Within State - Regular	11-000-100-561	50,000	(31,169)	18,831	18,831	-
Tuition to Other LEAs Within State - Special	11-000-100-562	245,000	(221,563)	23,437	23,437	-
Tuition to County Vocational School - Regular	11-000-100-563	1,200,000	(223,496)	976,504	976,504	-
Tuition to County Vocational School - Special	11-000-100-564	500,000	(142,286)	357,714	357,714	-
Tuition to County Special Services & Regular Day Schools	11-000-100-565	770,895	(245,663)	525,232	459,478	65,754
Tuition to Private School Disabled Within State	11-000-100-566	2,730,911	(621,139)	2,109,772	1,910,551	199,221
Tuition - Other	11-000-100-569	585,955	229,584	815,539	762,272	53,267
Total Undistributed Expenditures - Instruction (Tuition)		6,082,761	(1,255,732)	4,827,029	4,508,787	318,242
Undistributed Expenditures: Attendance and Social Work: Salaries	11-000-211-100	303,851	556	304,407	304,407	-
Other Objects	11-000-211-800	32,000	(31,687)	313	313	-
Total Undistributed Expenditures Attendance and Social Work		335,851	(31,131)	304,720	304,720	-

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Health Services:					
Salaries	11-000-213-100	1,710,182	(41,661)	1,668,521	-
Purchased Professional & Technical Services	11-000-213-300	1,055,380	(162,151)	893,229	24,079
Other Purchased Services	11-000-213-500	1,500	(807)	693	-
Supplies and Materials	11-000-213-600	51,743	(10,955)	40,788	-
Other Objects	11-000-213-800	61,740	(37,956)	23,784	3,812
<b>Total Undistributed Expenditures - Health Services</b>		<b>2,880,545</b>	<b>(253,530)</b>	<b>2,627,015</b>	<b>27,891</b>
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	11-000-216-100	1,728,093	(114,462)	1,613,631	-
Purchased Professional - Educational Services	11-000-216-320	1,479,545	662,025	2,141,570	-
Supplies and Materials	11-000-216-600	106,000	(94,094)	11,906	80
<b>Total Undistributed Expenditures - Speech, OT, PT and Related Services</b>		<b>3,313,638</b>	<b>453,469</b>	<b>3,767,107</b>	<b>80</b>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	11-000-218-104	2,068,296	(165,057)	1,903,239	-
Salaries of Secretaries & Clerical Assistants	11-000-218-105	286,221	(6,143)	280,078	-
Purchased Professional - Educational Services	11-000-218-320	127,500	(4,184)	123,316	-
Other Objects	11-000-218-800	40,236	27,202	67,438	-
<b>Total Undistributed Expenditures - Guidance</b>		<b>2,522,253</b>	<b>(148,182)</b>	<b>2,374,071</b>	<b>-</b>
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	11-000-219-104	4,877,239	(236,821)	4,640,418	-
Salaries of Secretaries & Clerical Assistants	11-000-219-105	384,464	273	384,737	-
Purchased Professional - Educational Services	11-000-219-320	944,340	(161,778)	782,562	33,276
Other Purchased Services	11-000-219-500	11,500	(11,500)	-	-
Supplies and Materials	11-000-219-600	93,380	9,067	102,447	1,605
<b>Total Undistributed Expenditures - Child Study Teams</b>		<b>6,310,923</b>	<b>(400,759)</b>	<b>5,910,164</b>	<b>34,881</b>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	11-000-221-102	374,300	(61,197)	313,103	-
Supplies and Materials	11-000-221-600	18,124	(4,288)	13,836	-
<b>Total Undistributed Expenditures - Improvement of Instruction Services</b>		<b>392,424</b>	<b>(65,485)</b>	<b>326,939</b>	<b>-</b>

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Educational Media Services/Library:					
Salaries	11-000-222-100	454,535	810	455,345	-
Supplies and Materials	11-000-222-600	52,240	(11,986)	40,254	36
Total Undistributed Expenditures - Educational Media Services/Library		506,775	(11,176)	495,599	36
Undistributed Expenditures - Instructional Staff Training Services:					
Other Salaries	11-000-223-110	254,011	(161,839)	92,172	-
Purchased Professional - Educational Services	11-000-223-320	96,000	(93,558)	2,442	650
Other Purchased Services	11-000-223-500	70,140	(58,371)	11,769	300
Total Undistributed Expenditures - Instructional Staff Training Services		420,151	(313,768)	106,383	950
Undistributed Expenditures - Support Services - General Administration:					
Salaries	11-000-230-100	1,370,449	148,609	1,519,058	-
Unused Vacation Payment to Staff	11-000-230-199	30,000	(11,855)	18,145	-
Legal Services	11-000-230-331	423,589	(77,129)	346,460	80,654
Audit Fees	11-000-230-332	104,000	616	104,616	52,116
Architectural/Engineering Services	11-000-230-334	65,000	(45,460)	19,540	-
Other Purchased Professional Services	11-000-230-339	750	52,000	52,750	6,773
Purchased Technical Services	11-000-230-340	75,150	(4,505)	70,645	3,040
Communications/Telephone	11-000-230-530	310,713	(30,601)	280,112	-
Travel	11-000-230-580	-	650	650	-
BOE Other Purchased Professional Services	11-000-230-585	4,000	(3,901)	99	-
Other Purchased Services	11-000-230-590	25,000	(1,424)	23,576	-
BOE In-House Training/Meeting Supplies	11-000-230-630	2,500	(1,327)	1,173	-
Judgements Against School District	11-000-230-820	75,000	(75,000)	-	-
Miscellaneous Expenditures	11-000-230-890	24,473	(5,384)	19,089	-
BOE Membership Dues and Fees	11-000-230-895	28,290	(1,627)	26,663	-
Total Undistributed Expenditures - Support Services - General Administration		2,538,914	(56,338)	2,482,576	142,967

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	11-000-240-103	4,561,602	(74,446)	4,487,156	4,487,156
Salaries of Other Professional Staff	11-000-240-104	339,525	(27,730)	311,795	311,795
Salaries of Secretaries & Clerical Assistants	11-000-240-105	1,788,918	(77,727)	1,711,191	1,711,191
Unused Vacation Payment to Staff	11-000-240-199	25,000	15,653	40,653	40,653
Purchased Professional & Technical Services	11-000-240-300	21,000	55,664	76,664	76,664
Other Objects	11-000-240-800	44,000	(22,786)	21,214	21,214
		6,780,045	(131,372)	6,648,673	6,648,673
Total Undistributed Expenditures -					
Support Services - School Administration					
Undistributed Expenditures - Central Services:					
Salaries	11-000-251-100	1,280,193	(11,519)	1,268,674	1,268,674
Unused Vacation Payment to Staff	11-000-251-199	25,000	(11,483)	13,517	13,517
Purchased Technical Services	11-000-251-340	148,522	(116,449)	32,073	32,073
Travel	11-000-251-580	-	2,099	2,099	2,099
Miscellaneous Purchased Services	11-000-251-592	24,500	(10,991)	13,509	13,449
Supplies and Materials	11-000-251-600	28,601	(13,979)	14,622	14,471
Other Objects	11-000-251-890	-	4,775	4,775	4,775
		1,539,007	(189,738)	1,349,269	1,349,058
Total Undistributed Expenditures - Central Services					
Undistributed Expenditures -					
Administrative Information Technology:					
Salaries	11-000-252-100	694,555	18,707	713,262	713,262
Purchased Technical Services	11-000-252-340	106,862	(32,942)	73,920	73,920
Travel	11-000-252-580	-	4,859	4,859	4,856
		801,417	(9,376)	792,041	792,038
Total Undistributed Expenditures -					
Administrative Information Technology					

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -					
Required Maintenance for School Facilities:					
Salaries	11-000-261-100	2,115,050	174,060	2,289,110	-
Unused Vacation Payment to Staff	11-000-261-199	-	26,667	26,667	-
Cleaning, Repair & Maintenance Services	11-000-261-420	1,120,859	656,687	1,777,546	202,905
Travel	11-000-261-580	42,006	(42,006)	-	-
General Supplies	11-000-261-610	524,664	65,410	590,074	13,818
Other Objects	11-000-261-800	9,637	(223)	9,414	-
		3,812,216	880,595	4,692,811	216,723
Total Undistributed Expenditures -					
Required Maintenance for School Facilities					
Undistributed Expenditures - Custodial Services:					
Salaries	11-000-262-100	3,085,071	383,896	3,468,967	-
Salaries of Non-Instructional Aids	11-000-262-107	43,872	111,795	155,667	-
Unused Vacation Payment to Staff	11-000-262-199	20,000	33,174	53,174	-
Purchased Professional & Technical Services	11-000-262-300	26,600	104,047	130,647	695
Cleaning, Repair & Maintenance Services	11-000-262-420	271,308	(42,349)	228,959	1,258
Lease Purchase Payment - ESIP	11-000-262-444	885,314	-	885,314	-
Other Purchased Property Services	11-000-262-490	304,000	(67,483)	236,517	-
Insurance	11-000-262-520	1,069,100	200,799	1,269,899	-
Miscellaneous Purchased Services	11-000-262-590	2,000	(2,000)	-	-
General Supplies	11-000-262-610	523,696	(119,345)	404,351	74,540
Energy (Natural Gas)	11-000-262-621	478,000	455,235	933,235	43,046
Energy (Electricity)	11-000-262-622	1,275,000	132,502	1,407,502	25,754
Energy (Gasoline)	11-000-262-626	90,120	20,629	110,749	-
Other Objects	11-000-262-800	12,750	20,268	33,018	-
		8,086,831	1,231,168	9,317,999	145,293
Total Undistributed Expenditures - Custodial Services					
Undistributed Expenditures -					
Care and Upkeep of Grounds:					
Salaries	11-000-263-100	490,548	(30,012)	460,536	-
Cleaning, Repair & Maintenance Services	11-000-263-420	343,114	3,278	346,392	14,991
General Supplies	11-000-263-610	152,112	(98,706)	53,406	4,525
		985,774	(125,440)	860,334	19,516

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Security:				
Salaries	1,050,124	25,639	1,075,763	1,075,763
Purchased Professional and Technical Services	35,000	(7,460)	27,540	27,540
Cleaning, Repair & Maintenance	22,066	(5,350)	16,716	11,601
General Supplies	63,943	(29,793)	34,150	16,022
Other Objects	1,586	(523)	1,063	1,063
<b>Total Security</b>	<b>1,172,719</b>	<b>(17,487)</b>	<b>1,155,232</b>	<b>1,131,989</b>
Undistributed Expenditures -				
Student Transportation Services:				
Salaries of Pupil Transportation (Between Home & School) - Regular	213,155	4,561	217,716	217,716
Contract Services - Aid in Lieu Payments - Non Public Schools	160,000	293,566	453,566	453,566
Contract Services (Between Home & School) - Vendors	3,606,909	(278,551)	3,328,358	3,328,358
Contract Services (Other Than Between Home & School) - Vendors	586,660	(196,729)	389,931	375,948
Contract Services (Between Home & School) - Joint Agreement	150,438	620,682	771,120	761,055
Contract Services (Special Education) - Vendors	7,029,960	(63,709)	6,966,251	6,966,251
Travel	-	3,251	3,251	3,251
Miscellaneous Purchased Services - Transportation	500	(500)	-	-
General Supplies	200	5,485	5,685	2,369
Miscellaneous Expenditures	12,000	(12,000)	-	-
Other Objects	-	11,140	11,140	11,140
<b>Total Undistributed Expenditures -</b>	<b>11,759,822</b>	<b>387,196</b>	<b>12,147,018</b>	<b>12,119,654</b>
Student Transportation Services				
Unallocated Benefits:				
Social Security Contributions	1,700,000	27,319	1,727,319	1,727,319
TPAF Contributions - ERIP	-	1,731	1,731	1,731
Other Retirement Contributions - PERS	2,225,000	6,167	2,231,167	2,231,167
Unemployment Compensation	-	3,050	3,050	3,050
Workmen's Compensation	1,040,958	(97,705)	943,253	943,253
Health Benefits	23,390,200	333,389	23,723,589	23,723,589
Tuition Reimbursement	114,000	(43,734)	70,266	70,266
Other Employee Benefits	20,000	1,784	21,784	21,784
Unused Sick Payment to Staff	180,000	83,151	263,151	228,538
<b>Total Unallocated Benefits</b>	<b>28,670,158</b>	<b>315,152</b>	<b>28,985,310</b>	<b>28,950,697</b>
Nonbudgeted:				
TPAF - Post Retirement Medical (Noncash Assistance)	-	-	-	6,845,853
TPAF - Pension Contributions (Noncash Assistance)	-	-	-	29,300,805
TPAF - Long-Term Disability Insurance (Noncash Assistance)	-	-	-	10,459
Reimbursed TPAF Social Security Contributions	-	-	-	5,918,882
<b>Total Undistributed Expenditures</b>	<b>88,912,224</b>	<b>258,066</b>	<b>89,170,290</b>	<b>(41,083,989)</b>
<b>Total Expenditures - Current Expense</b>	<b>171,273,001</b>	<b>(29,541)</b>	<b>171,243,460</b>	<b>(40,544,877)</b>

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Equipment:					
Grades 1-5	12-120-100-730	2,000	61,760	63,760	-
Grades 6-8	12-130-100-730	24,242	(1,000)	23,242	-
Grades 9-12	12-140-100-730	-	10,721	10,721	2,600
Multiple Disabilities	12-212-100-730	10,000	9,937	19,937	-
School-Sponsored & Other Instructional Programs	12-400-100-730	-	4,319	4,319	-
Undistributed Expenditures:					
Instruction	12-000-100-730	-	7,244	7,244	-
Undist. Exp. - Care & Upkeep of Grounds	12-000-263-730	22,230	(2,400)	19,830	-
Non-Instructional Services	12-000-300-730	3,199	800,762	803,961	509,935
<b>Total Equipment</b>		<b>61,671</b>	<b>891,343</b>	<b>953,014</b>	<b>512,535</b>
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	12-000-400-334	50,000	-	50,000	6,300
Construction Services	12-000-400-450	1,785,452	538,389	2,323,841	990,721
Assessment for Debt Service on SDA Funding	12-000-400-896	27,200	-	27,200	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>1,862,652</b>	<b>538,389</b>	<b>2,401,041</b>	<b>997,021</b>
<b>Total Capital Outlay</b>		<b>1,924,323</b>	<b>1,429,732</b>	<b>3,354,055</b>	<b>1,509,556</b>
<b>Total Expenditures</b>		<b>173,197,324</b>	<b>1,400,191</b>	<b>174,597,515</b>	<b>(39,035,321)</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)		(5,308,583)	(861,802)	(6,170,385)	4,300,835
Other Financing Sources/(Uses):					
Transfers In/(Out):		(63,802)	63,802	-	-
Transfer of Funds to Charter Schools					
<b>Total Other Financing Sources/(Uses)</b>		<b>(63,802)</b>	<b>63,802</b>	<b>-</b>	<b>-</b>



MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

ACCOUNT NUMBERS	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses) Fund Balances, July 1	(5,372,385) 19,722,585	(798,000) -	(6,170,385) 19,722,585	4,300,835 -
Fund Balances, June 30	\$ 14,350,200	\$ (798,000)	\$ 13,552,200	\$ 4,300,835

RECAPITULATION OF TRANSFERS

\$ 798,000

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 2,220,917
Maintenance Reserve	569,081
Legal Reserve	2,289,240
Reserve for Unemployment Claims	422,586
Excess Surplus	-
Excess Surplus Designated for Subsequent Year's Expenditures	399,674
Assigned Fund Balance:	
Year-End Encumbrances	2,598,963
Designated for Subsequent Year's Expenditures	2,886,319
Unassigned Fund Balance	6,466,258
Subtotal	17,853,038
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not recognized on GAAP basis	(1,432,387)
Fund Balance per Governmental Funds (GAAP)	\$ 16,420,651

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2022**

	JUNE 30, 2022				VARIANCE FINAL TO ACTUAL (OVER)/ UNDER
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources	\$ 185,000	\$ (79,174)	\$ 105,826	\$ 1,134,005	\$ (1,028,179)
State Sources	1,324,286	468,124	1,792,410	1,681,060	111,350
Federal Sources	5,361,621	6,607,599	11,969,220	6,840,523	5,128,697
<b>Total Revenues</b>	<b>6,870,907</b>	<b>6,996,549</b>	<b>13,867,456</b>	<b>9,655,588</b>	<b>4,211,868</b>
Expenditures:					
Instruction:					
Salaries of Teachers	2,814,013	4,004,925	6,818,938	3,025,462	3,793,476
Purchased Professional - Educational Services	54,063	17,904	71,967	71,786	181
Other Purchased Services (400-500 Series)	2,260,279	639,444	2,899,723	2,636,778	262,945
General Supplies	-	1,064,594	1,064,594	1,062,866	1,728
Textbooks	-	145,067	145,067	142,790	2,277
Other Objects	-	57	57	-	57
<b>Total Instruction</b>	<b>5,128,355</b>	<b>5,871,991</b>	<b>11,000,346</b>	<b>6,939,682</b>	<b>4,060,664</b>
Support Services:					
Salaries of Other Professional Staff	288,580	-	288,580	121,471	167,109
Personal Services - Employee Benefits	141,383	120,000	261,383	255,761	5,622
Purchased Educational Services	369,338	366,648	735,986	582,742	153,244
Other Purchased Services (400-500 Series)	383,111	(242,415)	140,696	14,217	126,479
Supplies and Materials	-	19,249	19,249	2,647	16,602
Student Activities	100,000	903,261	1,003,261	1,003,261	-
Scholarships Awarded	5,000	80,200	85,200	85,200	-
Other Objects	128,711	(122,385)	6,326	1,532	4,794
<b>Total Support Services</b>	<b>1,416,123</b>	<b>1,124,558</b>	<b>2,540,681</b>	<b>2,066,831</b>	<b>473,849</b>
Facilities Acquisition & Construction Services:					
Instructional Equipment	635,811	-	635,811	635,811	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>635,811</b>	<b>-</b>	<b>635,811</b>	<b>635,811</b>	<b>-</b>
<b>Total Expenditures</b>	<b>7,180,289</b>	<b>6,996,549</b>	<b>14,176,838</b>	<b>9,642,324</b>	<b>4,534,513</b>
<b>Total Outflows</b>	<b>7,180,289</b>	<b>6,996,549</b>	<b>14,176,838</b>	<b>9,642,324</b>	<b>4,534,513</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	(309,382)	-	(309,382)	13,264	(322,646)
Fund Balance, July 1	1,155,188	-	1,155,188	1,155,188	-
Fund Balance, June 30	\$ 845,806	\$ -	\$ 845,806	\$ 1,168,452	\$ (322,646)

**RECAPITULATION OF FUND BALANCE**

Restricted:	
Student Activities	\$ 555,348
Scholarships	613,104
	<u>\$ 1,168,452</u>

**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, 2022**

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

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 211,763,286	\$ 9,655,588
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	-	(743,708)
Prior Year	-	309,381
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	(1,432,387)	-
Prior Year	1,552,139	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 211,883,038	\$ 9,221,261
<b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 213,632,833	\$ 9,642,324
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.	-	(434,327)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 213,632,833	\$ 9,207,997

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.1743145519%	0.1805629863%	0.1983291065%	0.1996356800%	0.2019850748%	0.2024431467%	0.2119862254%	0.2209620171%	0.2038684327%
School District's proportionate share of the net pension liability	\$ 20,650,172	\$ 29,445,101	\$ 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	\$ 10,942,212	\$ 12,767,297	\$ 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	188.72%	230.63%	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	70.33%	58.32%	56.27%	53.60%	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 NINE FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 2,041,426	\$ 1,975,268	\$ 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	(2,041,426)	(1,975,268)	(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	\$ 12,328,712	\$ 10,942,212	\$ 12,767,297	\$ 13,642,196	\$ 14,319,335	\$ 14,315,456	\$ 14,296,606	\$ 14,212,560	\$ 14,206,452
Contributions as a percentage of covered payroll	16.56%	18.05%	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 NINE FISCAL YEARS\*

	2022	2021	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%	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	\$ 344,231,091	\$ 464,149,588	\$ 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	\$ 82,546,730	\$ 81,039,422	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	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 TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)**  
**LAST FIVE FISCAL YEARS\***

	2022	2021	2020	2019	2018
<b>District's Total OPEB Liability</b>					
Service Cost	\$ 20,084,092	\$ 11,385,526	\$ 10,767,153	\$ 11,936,407	\$ 14,401,144
Interest Cost	10,497,511	10,335,585	12,511,787	13,266,969	11,469,066
Change of Benefit Terms	(430,720)	-	-	-	-
Difference between Expected & Actual Differences	(80,569,514)	76,471,819	(47,989,110)	(26,595,364)	-
Changes of Assumptions	399,236	84,517,198	4,290,954	(36,352,130)	(47,115,916)
Contributions: Member	268,370	244,147	261,872	292,757	309,344
Gross Benefit Payments	(8,269,098)	(8,055,017)	(8,834,256)	(8,470,593)	(8,400,955)
Net Change in District's Total OPEB Liability	(58,020,123)	174,899,258	(28,991,600)	(45,921,954)	(29,337,317)
District's Total OPEB Liability (Beginning)	462,687,999	287,788,741	316,780,341	362,702,295	392,039,612
District's Total OPEB Liability (Ending)	<u>\$ 404,667,876</u>	<u>\$ 462,687,999</u>	<u>\$ 287,788,741</u>	<u>\$ 316,780,341</u>	<u>\$ 362,702,295</u>
District's Covered Employee Payroll	\$ 98,737,117	\$ 95,843,309	\$ 96,694,974	\$ 101,694,508	\$ 101,885,872
District's Net OPEB Liability as a Percentage of Payroll	410%	483%	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 BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
YEAR ENDED JUNE 30, 2022**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms**

None.

**Changes in Assumptions**

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	4.86%	2015	4.13%
2020	5.40%	2017	4.25%	2014	4.68%
2019	5.60%	2016	3.22%		

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.30%	2017	7.00%	2014	7.90%
2019	7.00%	2016	7.65%		

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms**

The June 30, 2021 measurement date includes one change in plan provisions as Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

**Changes in Assumptions**

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%
2019	6.28%	2016	3.98%		

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%
2019	7.00%	2016	7.65%		

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms**

None.

**Changes in Assumptions**

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%	2016	2.85%

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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, 2022**

	Title I	Title I SIA	Title IIA	Title III	Title IV	I.D.E.A - Basic	I.D.E.A - Preschool
<b>Revenues:</b>							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-
Federal Sources	476,369	21,483	112,744	11,121	34,255	2,846,243	83,572
<b>Total Revenues</b>	<b>\$ 476,369</b>	<b>\$ 21,483</b>	<b>\$ 112,744</b>	<b>\$ 11,121</b>	<b>\$ 34,255</b>	<b>\$ 2,846,243</b>	<b>\$ 83,572</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 295,463	\$ -	\$ 67,353	\$ -	\$ -	\$ -	\$ -
Purchased Professional - Educational Services	-	-	-	-	890	-	70,896
Other Purchased Services (400-500 Series)	-	-	-	-	-	2,093,526	-
General Supplies	13,331	19,957	-	9,951	27,344	-	12,676
Textbooks	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>308,794</b>	<b>19,957</b>	<b>67,353</b>	<b>9,951</b>	<b>28,234</b>	<b>2,093,526</b>	<b>83,572</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	-	-	-	-	-	121,471	-
Personal Services - Employee Benefits	156,940	-	35,778	-	-	60,605	-
Purchased Educational Services	-	-	6,630	-	5,471	570,641	-
Other Purchased Services (400-500 Series)	10,064	-	2,983	1,170	-	-	-
Supplies and Materials	571	1,526	-	-	550	-	-
Student Activities	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>167,575</b>	<b>1,526</b>	<b>45,391</b>	<b>1,170</b>	<b>6,021</b>	<b>752,717</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>							
Noninstructional Equipment	-	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 476,369</b>	<b>\$ 21,483</b>	<b>\$ 112,744</b>	<b>\$ 11,121</b>	<b>\$ 34,255</b>	<b>\$ 2,846,243</b>	<b>\$ 83,572</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2022**

	Non Public Ch. 192 Auxiliary	Non Public Textbook	Non Public Nursing	Non Public Security Aid	Non Public Ch. 193 Handicapped	Non Public Technology Initiative	CARES ACT
<b>Revenues:</b>							
Local Sources	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	196,658	142,790	216,956	405,300	400,533	88,312	-
Federal Sources	-		-	-	-	-	242,557
<b>Total Revenues</b>	<b>\$ 196,658</b>	<b>\$ 142,790</b>	<b>\$ 216,956</b>	<b>\$ 405,300</b>	<b>\$ 400,533</b>	<b>\$ 88,312</b>	<b>\$ 242,557</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,557
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-
General Supplies	196,658	-	216,956	-	400,533	88,312	10,000
Textbooks	-	142,790	-	-	-	-	-
<b>Total Instruction</b>	<b>196,658</b>	<b>142,790</b>	<b>216,956</b>	<b>-</b>	<b>400,533</b>	<b>88,312</b>	<b>242,557</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-
Purchased Educational Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-
Student Activities	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>							
Noninstructional Equipment	-	-	-	405,300	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405,300</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 196,658</b>	<b>\$ 142,790</b>	<b>\$ 216,956</b>	<b>\$ 405,300</b>	<b>\$ 400,533</b>	<b>\$ 88,312</b>	<b>\$ 242,557</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2022**

	CRRSA II	CRRSA Learning Acceleration Program	CRRSA Mental Health	ACSERS	ARP ESSER III	ARP Accelerated Learning	ARP Evidence Based Learning
<b>Revenues:</b>							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-
Federal Sources	1,184,552	61,184	36,400	498,829	512,586	147,548	25,390
<b>Total Revenues</b>	<b>\$ 1,184,552</b>	<b>\$ 61,184</b>	<b>\$ 36,400</b>	<b>\$ 498,829</b>	<b>\$ 512,586</b>	<b>\$ 147,548</b>	<b>\$ 25,390</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 1,184,552	\$ 61,184	\$ -	\$ 498,829	\$ 512,586	\$ 147,548	\$ 25,390
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-
General Supplies	-	-	36,400	-	-	-	-
Textbooks	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>1,184,552</b>	<b>61,184</b>	<b>36,400</b>	<b>498,829</b>	<b>512,586</b>	<b>147,548</b>	<b>25,390</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-
Purchased Educational Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-
Student Activities	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>							
Noninstructional Equipment	-	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 1,184,552</b>	<b>\$ 61,184</b>	<b>\$ 36,400</b>	<b>\$ 498,829</b>	<b>\$ 512,586</b>	<b>\$ 147,548</b>	<b>\$ 25,390</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2022

	ARP NJTSS	ARP IDEA Basic	ARP IDEA Preschool	Student Activities	Scholarship	Local Grants	SDA Emergency Grant	Totals
<b>Revenues:</b>								
Local Sources	\$ -	\$ -	\$ -	\$ 1,020,482	\$ 81,243	\$ 32,280	\$ -	\$ 1,134,005
State Sources	-	-	-	-	-	-	230,511	1,681,060
Federal Sources	2,438	499,171	44,081	-	-	-	-	6,840,523
<b>Total Revenues</b>	<b>\$ 2,438</b>	<b>\$ 499,171</b>	<b>\$ 44,081</b>	<b>\$ 1,020,482</b>	<b>\$ 81,243</b>	<b>\$ 32,280</b>	<b>\$ 230,511</b>	<b>\$ 9,655,588</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,025,462
Purchased Professional - Educational Services	-	-	-	-	-	-	-	71,786
Other Purchased Services (400-500 Series)	-	499,171	44,081	-	-	-	-	2,636,778
General Supplies	-	-	-	-	-	30,748	-	1,062,866
Textbooks	-	-	-	-	-	-	-	142,790
<b>Total Instruction</b>	<b>-</b>	<b>499,171</b>	<b>44,081</b>	<b>-</b>	<b>-</b>	<b>30,748</b>	<b>-</b>	<b>6,939,682</b>
<b>Support Services:</b>								
Salaries of Other Professional Staff	-	-	-	-	-	-	-	121,471
Personal Services - Employee Benefits	2,438	-	-	-	-	-	-	255,761
Purchased Educational Services	-	-	-	-	-	-	-	582,742
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-	14,217
Supplies and Materials	-	-	-	-	-	-	-	2,647
Student Activities	-	-	-	1,003,261	-	-	-	1,003,261
Scholarships Awarded	-	-	-	-	85,200	-	-	85,200
Other Objects	-	-	-	-	-	1,532	-	1,532
<b>Total Support Services</b>	<b>2,438</b>	<b>-</b>	<b>-</b>	<b>1,003,261</b>	<b>85,200</b>	<b>1,532</b>	<b>-</b>	<b>2,066,831</b>
<b>Facilities Acquisition &amp; Construction Services:</b>								
Noninstructional Equipment	-	-	-	-	-	-	230,511	635,811
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230,511</b>	<b>635,811</b>
<b>Total Expenditures</b>	<b>\$ 2,438</b>	<b>\$ 499,171</b>	<b>\$ 44,081</b>	<b>\$ 1,003,261</b>	<b>\$ 85,200</b>	<b>\$ 32,280</b>	<b>\$ 230,511</b>	<b>\$ 9,642,324</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	17,221	(3,957)	-	-	13,264
Fund Balance, July 1	-	-	-	538,127	617,061	-	-	1,155,188
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 555,348</b>	<b>\$ 613,104</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,168,452</b>



**F. Capital Projects Fund**

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2022**

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2022</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Roofing Replacement Project	5/27/2014	\$ 17,333,839	\$ 16,612,848	\$ 720,196	\$ 795
Total		\$ 17,333,839	\$ 16,612,848	\$ 720,196	\$ 795

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2022**

Expenditures and Other Financing Uses:	
Other Purchased Professional and Technical Services	\$ 22,117
Construction Services	698,079
	<hr/>
Total Expenditures and Other Financing Uses	720,196
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources	
Over (Under) Expenditures and Other Financing Uses	(720,196)
	<hr/>
Fund Balance, July 1	720,991
	<hr/>
Fund Balance, June 30	\$ 795
	<hr/> <hr/>

**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, 2022**

	<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
<b>Total Revenues and Other Financing Sources</b>	<b>17,333,839</b>	<b>-</b>	<b>17,333,839</b>	<b>17,333,839</b>
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	746,476	22,117	768,593	768,593
Construction Services	13,855,037	698,079	14,553,116	16,565,246
Cancellation of Project	2,011,335	-	2,011,335	-
<b>Total Expenditures and Other Financing Uses</b>	<b>16,612,848</b>	<b>720,196</b>	<b>17,333,044</b>	<b>17,333,839</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 720,991	\$ (720,196)	\$ 795	\$ -

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**

Not Applicable

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## **I. Long-Term Debt**

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 YEAR ENDED JUNE 30, 2022

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2021	RETIRED	BALANCE JUNE 30, 2022
			DATE	AMOUNT				
Buildings, Alterations & Renovations (Refunding Issue - 2020)	06/25/20	\$ 24,240,000	8/1/2022	\$ 3,150,000	5.000%	\$ 24,240,000	\$ 3,005,000	\$ 21,235,000
			8/1/2023	3,290,000	5.000%			
			8/1/2024	3,450,000	5.000%			
			8/1/2025	3,610,000	5.000%			
			8/1/2026	3,775,000	5.000%			
			8/1/2027	3,960,000	5.000%			
Buildings, Alterations & Renovations (Refunding Issue - 2013)	01/30/13	7,670,000	8/1/2022	650,000	4.000%	5,010,000	610,000	4,400,000
			8/1/2023	685,000	2.500%			
			8/1/2024	715,000	2.200%			
			8/1/2025	745,000	3.000%			
			8/1/2026	780,000	3.000%			
			8/1/2027	825,000	3.000%			
Buildings, Alterations & Renovations	05/29/14	19,379,000	8/1/2022	1,280,000	2.000%	12,755,000	1,245,000	11,510,000
			8/1/2023	1,320,000	2.250%			
			8/1/2024	1,365,000	2.250%			
			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%			
		8/1/2029	1,585,000	3.000%				
Total						\$ 42,005,000	\$ 4,860,000	\$ 37,145,000

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER LEASES AND FINANCED PURCHASES  
 YEAR ENDED JUNE 30, 2022

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2021	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2022
			PRINCIPAL	INTEREST					
ESIP Lease	3/20/2018	15 Years	\$ 11,200,000	\$ 3,141,171	3.32%	\$ 8,895,000	- \$	590,000 \$	8,305,000
Copier Lease	9/28/2019	15 Years	570,934	55,301	3.16%	383,363 \$	- \$	125,246 \$	258,117
		Total				383,363 \$	- \$	125,246 \$	258,117

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2022

	JUNE 30, 2022			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 4,704,954	\$ -	\$ 4,704,954	\$ -
State Sources:				
Debt Service Aid Type II	1,087,905	-	1,087,905	-
Miscellaneous	-	-	315	315
Total Revenues	5,792,859	-	5,792,859	315
Expenditures:				
Regular Debt Service:				
Interest	1,603,243	-	1,603,243	-
Redemption of Principal	4,860,000	-	4,860,000	-
Total Regular Debt Service	6,463,243	-	6,463,243	-
Total Expenditures	6,463,243	-	6,463,243	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(670,384)	-	(670,384)	315
Fund Balance, July 1,	698,305	-	698,305	-
Fund Balance, June 30,	\$ 27,921	\$ -	\$ 27,921	\$ 315

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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)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 45,834,253	\$ 33,641,366	\$ 32,051,356	\$ 30,824,150	\$ 27,511,354	\$ 24,532,277	\$ 21,166,495	\$ 20,437,301	\$ 23,901,566	\$ 37,699,838
Restricted	7,098,185	12,296,846	7,143,356	4,042,259	5,542,545	8,306,882	10,716,131	9,983,246	26,609,926	12,763,853
Unrestricted (Deficit)	(45,323,279)	(39,716,865)	(45,515,305)	(47,596,142)	(48,473,797)	(46,114,398)	(43,375,177)	(42,201,258)	(237,189)	(501,515)
<b>Total Governmental Activities</b>	<b>\$ 7,609,159</b>	<b>\$ 6,221,347</b>	<b>\$ (6,320,593)</b>	<b>\$ (12,729,733)</b>	<b>\$ (15,419,898)</b>	<b>\$ (13,275,239)</b>	<b>\$ (11,492,551)</b>	<b>\$ (11,780,711)</b>	<b>\$ 50,274,303</b>	<b>\$ 49,962,176</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 709,657	\$ 668,386	\$ 720,443	\$ 782,212	\$ 847,311	\$ 649,851	\$ 496,320	\$ 530,506	\$ 422,012	\$ 57,159
Unrestricted (Deficit)	690,938	(96,459)	(127,043)	(119,123)	(237,027)	20,501	79,792	-	-	-
<b>Total Business-Type Activities</b>	<b>\$ 1,400,595</b>	<b>\$ 571,927</b>	<b>\$ 593,400</b>	<b>\$ 663,089</b>	<b>\$ 610,284</b>	<b>\$ 670,352</b>	<b>\$ 576,112</b>	<b>\$ 530,506</b>	<b>\$ 422,012</b>	<b>\$ 57,159</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 46,543,910	\$ 34,309,752	\$ 32,771,799	\$ 31,606,362	\$ 28,358,665	\$ 25,182,127	\$ 21,662,815	\$ 20,967,807	\$ 24,323,578	\$ 37,756,997
Restricted	7,098,185	12,296,846	7,143,356	4,042,259	8,306,882	8,306,882	10,716,131	9,983,246	26,609,926	12,763,853
Unrestricted (Deficit)	(44,632,341)	(39,813,324)	(45,642,348)	(47,715,265)	(48,710,825)	(46,093,897)	(43,295,385)	(42,201,258)	(501,515)	(501,515)
<b>Total District Net Position</b>	<b>\$ 9,009,754</b>	<b>\$ 6,793,274</b>	<b>\$ (5,727,193)</b>	<b>\$ (12,066,644)</b>	<b>\$ (12,045,278)</b>	<b>\$ (12,604,888)</b>	<b>\$ (10,916,439)</b>	<b>\$ (11,250,205)</b>	<b>\$ 50,431,989</b>	<b>\$ 50,019,335</b>

Source: ACFR Schedule A-1

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular:	\$ 120,097,074	\$ 108,035,437	\$ 99,296,426	\$ 104,333,574	\$ 112,860,041	\$ 90,757,282	\$ 57,731,723	\$ 88,135,821	\$ 76,477,300	\$ 76,994,308
Special Education	34,300,458	32,753,983	31,076,746	31,515,205	32,282,886	25,113,427	15,904,464	23,992,602	20,138,172	19,611,534
Other Instruction	4,446,248	3,580,292	3,569,543	4,087,991	4,214,922	3,490,977	2,141,302	2,848,696	2,346,528	2,278,530
Support Services:										
Tuition	5,979,440	6,342,014	5,508,360	6,397,541	6,547,793	6,598,433	6,097,142	5,890,712	5,807,659	4,494,803
Attendance & Social Work Services	-	-	-	-	-	-	200,015	32,087	66,383	71,022
Health Services	-	-	-	-	-	-	2,578,284	3,447,238	3,329,827	3,096,074
Student & Instruction Related Services	23,758,411	24,294,824	21,325,218	23,118,452	23,766,587	19,858,168	12,537,797	16,781,233	14,453,445	14,875,142
Educational Media Services/School Library	-	-	-	-	-	-	484,439	683,348	502,571	479,579
Instructional Staff Training	-	-	-	-	-	-	361,975	661,419	777,654	561,870
Other Administrative Services	3,102,730	3,026,482	2,778,773	3,095,176	3,222,954	2,701,491	2,047,846	3,125,984	2,850,864	2,821,903
Central Services	1,789,087	2,009,330	1,967,777	1,919,021	1,907,678	1,794,745	1,472,607	2,234,863	1,909,690	1,970,562
Administration Information Technology Services	1,050,381	1,083,728	1,006,434	991,807	1,013,061	999,836	1,355,156	1,491,562	1,117,188	1,146,578
School Administrative Services	8,817,303	8,783,723	8,008,994	8,604,064	9,084,406	7,631,869	5,586,092	9,383,428	8,148,695	8,328,836
Plant Operations & Maintenance	19,422,757	19,052,450	14,624,225	17,244,814	18,873,309	14,213,424	16,787,638	21,768,103	20,594,609	17,644,897
Pupil Transportation	16,072,780	14,321,086	12,828,828	13,440,862	14,409,509	12,476,992	10,761,129	9,990,561	10,042,967	9,477,122
Unallocated Benefits	-	-	-	-	-	-	64,951,941	-	-	-
Interest & Other Charges	1,590,687	597,762	5,739,972	1,912,096	2,370,212	2,566,311	2,654,719	2,679,964	2,726,746	3,117,269
Total Governmental Activities Expenses	240,427,355	223,881,112	207,731,294	216,660,603	230,553,358	188,202,955	203,654,269	193,147,621	171,290,298	166,970,029
Business-Type Activities:										
Food Service	3,949,812	1,459,524	1,975,160	2,529,940	2,915,311	2,596,304	2,513,939	2,530,782	2,322,914	2,316,118
Total Business-Type Activities Expense	3,949,812	1,459,524	1,975,160	2,529,940	2,915,311	2,596,304	2,513,939	2,530,782	2,322,914	2,316,118
Total District Expenses	\$ 244,377,167	\$ 225,340,636	\$ 209,706,454	\$ 219,190,543	\$ 233,468,669	\$ 190,799,259	\$ 206,168,208	\$ 195,678,403	\$ 169,286,147	\$ 163,522,625
Program Revenues:										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,100
Capital Grants & Contributions	-	-	-	-	-	-	-	-	3,218,099	-
Operating Grants & Contributions	71,772,661	59,218,528	42,941,556	50,593,229	63,803,799	24,590,639	46,609,372	37,764,528	5,752,832	6,627,722
Total Governmental Activities Program Revenues	71,772,661	59,218,528	42,941,556	50,593,229	63,803,799	24,590,639	46,609,372	37,764,528	8,970,931	6,728,822

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FISCAL YEAR ENDING JUNE 30,										
Business-Type Activities:										
Charges for Services:										
Food Service	65,608	121	1,365,933	1,968,341	2,109,671	2,000,770	1,876,792	1,836,651	1,638,063	1,544,900
Operating Grants & Contributions	4,712,872	1,437,930	539,538	614,405	745,573	689,773	682,802	607,731	539,246	596,849
Total Business Type Activities Program Revenues	4,778,480	1,438,051	1,905,471	2,582,746	2,855,244	2,690,543	2,559,594	2,444,382	2,177,309	2,141,749
Total District Program Revenues	\$ 76,551,141	\$ 60,656,579	\$ 44,847,027	\$ 53,175,975	\$ 66,659,043	\$ 27,281,182	\$ 49,168,966	\$ 40,208,910	\$ 11,148,240	\$ 8,870,571
Net (Expense)/Revenue:										
Governmental Activities	\$ (168,654,694)	\$ (164,662,584)	\$ (164,789,738)	\$ (166,067,374)	\$ (166,749,559)	\$ (163,612,316)	\$ (157,044,897)	\$ (155,383,093)	\$ (162,319,367)	\$ (160,241,207)
Business-Type Activities	828,668	(21,473)	(69,689)	52,806	(60,067)	94,239	45,655	(86,400)	(145,605)	(174,369)
Total District-Wide Net Expense	\$ (167,826,026)	\$ (164,684,057)	\$ (164,859,427)	\$ (166,014,568)	\$ (166,809,626)	\$ (163,518,077)	\$ (156,999,242)	\$ (155,469,493)	\$ (162,464,972)	\$ (160,415,576)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 149,786,501	\$ 147,549,892	\$ 143,618,246	\$ 140,802,202	\$ 139,079,885	\$ 133,982,086	\$ 131,354,986	\$ 128,779,398	\$ 126,254,312	\$ 125,004,269
Taxes Levied for Debt Service	4,704,954	5,642,206	5,629,536	5,634,050	5,634,022	5,636,686	5,649,644	4,080,945	3,677,710	4,104,906
Grants & Contributions	19,280,809	20,493,728	20,388,682	21,141,313	21,398,708	21,471,777	19,353,200	19,073,690	32,422,995	33,610,352
Tuition Received	1,019,001	541,805	661,808	675,538	617,093	628,344	232,050	400,795	148,950	-
Miscellaneous Income	1,472,588	1,383,917	900,607	504,435	216,976	110,735	237,259	296,972	452,912	606,608
Transfers In/Out	-	-	-	-	-	-	-	-	(300,277)	(120,174)
Increase in Capital Reserve	-	-	-	-	-	-	505,918	-	-	-
Cancellation of Prior Year AR	-	-	-	-	(2,341,783)	-	-	-	-	-
Changes in IBNR/Miscellaneous	-	-	-	-	-	-	-	-	(25,108)	-
Total Governmental Activities	176,263,853	175,611,548	171,198,879	168,757,538	164,604,901	161,829,628	157,333,057	152,419,562	162,631,494	163,205,961
Business-Type Activities:										
Transfers In/Out	-	-	-	-	-	-	-	212,238	300,277	120,174
Investment Earnings	-	-	-	-	-	-	(49)	(17,344)	210,181	-
Total Business-Type Activities	-	-	-	-	-	-	(49)	194,894	510,458	120,174
Total District-Wide	\$ 176,263,853	\$ 175,611,548	\$ 171,198,879	\$ 168,757,538	\$ 164,604,901	\$ 161,829,628	\$ 157,333,008	\$ 152,614,456	\$ 163,326,135	\$ 160,138,706
Change in Net Position:										
Governmental Activities	\$ 7,609,159	\$ 10,948,964	\$ 6,409,141	\$ 2,690,164	\$ (2,144,658)	\$ (1,782,688)	\$ 288,160	\$ (2,963,531)	\$ 2,964,754	\$ 5,391,316
Business-Type Activities	828,668	(21,473)	(69,689)	52,806	(60,067)	94,239	45,606	108,494	(54,195)	(88,063)
Total District	\$ 8,437,827	\$ 10,927,491	\$ 6,339,452	\$ 2,742,970	\$ (2,204,725)	\$ (1,688,449)	\$ 333,766	\$ (2,855,037)	\$ 2,910,559	\$ 5,303,253

Source: ACFR 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Restricted	\$ 5,901,498	\$ 10,018,828	\$ 6,693,563	\$ 3,571,264	\$ 3,651,662	\$ 3,423,708	\$ 4,727,390	\$ 5,247,123	\$ 6,471,176	\$ 12,755,211
Committed	2,886,319	-	-	-	-	-	1,200,642	59,114	55,152	68,609
Assigned	2,598,963	2,048,734	3,411,700	1,228,606	1,046,722	1,959,341	1,091,573	1,135,223	1,446,486	1,345,558
Unassigned	5,033,871	6,102,884	1,774,968	2,313,201	1,861,900	2,167,843	1,790,548	1,825,603	2,119,248	1,864,570
Total General Fund	\$ 16,420,651	\$ 18,170,446	\$ 11,880,231	\$ 7,113,071	\$ 6,560,284	\$ 7,550,892	\$ 8,810,153	\$ 8,267,063	\$ 10,092,062	\$ 16,033,948
All Other Governmental Funds:										
Restricted										
Debt Service Fund	\$ 28,236	\$ 698,305	\$ 26,594	\$ 27,897	\$ 8,643	\$ 8,643	\$ 8,642	\$ 8,642	\$ 8,642	\$ 8,642
Capital Projects Fund	795	720,991	728,561	750,535	1,917,414	4,874,531	4,778,782	4,727,481	20,130,108	-
Special Revenue Fund	1,168,451	1,155,188	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 1,197,482	\$ 2,574,484	\$ 755,155	\$ 778,432	\$ 1,926,057	\$ 4,883,174	\$ 4,787,424	\$ 4,736,123	\$ 20,138,750	\$ 8,642

Source: ACFR Schedule B-1

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Tax Levy	\$ 154,491,455	\$ 153,192,098	\$ 149,247,782	\$ 146,436,252	\$ 144,713,907	\$ 139,618,772	\$ 137,004,630	\$ 132,860,343	\$ 129,932,022	\$ 129,109,175
Tuition Charges	1,019,001	541,805	661,808	675,538	617,093	628,344	232,050	400,795	148,950	101,100
Miscellaneous	2,572,576	1,017,181	1,017,242	693,314	249,345	193,229	427,691	423,863	527,863	606,648
State Sources	62,061,477	54,672,238	48,357,568	48,709,077	45,587,505	42,251,917	40,069,224	36,749,385	37,997,634	36,072,842
Federal Sources	6,752,964	4,526,939	3,755,849	3,517,897	3,883,305	3,728,006	3,537,076	3,303,272	3,321,341	4,165,039
<b>Total Revenues</b>	<b>226,897,473</b>	<b>214,360,261</b>	<b>203,040,249</b>	<b>200,032,078</b>	<b>195,051,155</b>	<b>186,420,268</b>	<b>181,270,671</b>	<b>173,737,598</b>	<b>171,927,810</b>	<b>170,054,804</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	66,562,351	62,261,047	60,189,368	60,398,418	60,349,720	60,069,762	57,568,220	57,621,320	56,949,667	55,785,779
Special Education Instruction	19,012,534	18,876,189	18,837,432	18,244,065	17,262,648	16,621,891	15,883,136	15,345,997	14,604,743	13,599,811
Other Instruction	2,464,528	2,063,330	2,163,708	2,366,527	2,253,848	2,310,582	2,141,302	2,055,455	1,838,887	1,735,033
<b>Support Services:</b>										
Tuition	4,508,787	4,685,140	4,376,678	4,828,921	4,706,949	5,243,699	6,093,146	5,890,712	5,807,659	4,494,803
Attendance & Social Work Services	304,720	295,431	318,268	316,795	306,765	241,348	200,015	3,311	47,968	49,127
Health Services	2,599,124	2,334,996	2,227,847	2,802,321	2,947,694	2,699,502	2,578,284	2,443,908	2,687,737	2,336,287
Student & Instruction Related Services	15,011,147	15,317,285	14,397,878	14,330,895	13,830,401	12,840,203	12,537,797	11,885,334	11,320,271	11,296,878
<b>Educational Media Services/</b>										
School Library	-	-	-	-	-	-	484,439	484,011	375,004	347,073
Instructional Staff Training	-	-	-	-	-	-	361,975	353,965	580,897	409,396
Other Administrative Services	2,339,609	2,235,802	2,207,880	2,336,266	2,316,854	2,146,844	2,047,846	2,168,065	2,238,176	2,040,475
Central Services	1,349,058	1,484,385	1,563,501	1,448,494	1,371,354	1,426,263	1,472,607	1,519,925	1,452,159	1,461,756
<b>Administration Information</b>										
Technology Services	792,038	800,600	799,664	748,625	728,250	794,558	846,043	1,007,029	807,131	811,518
School Administrative Services	6,648,673	6,488,943	6,363,562	6,494,424	6,530,420	6,064,959	5,586,092	5,859,386	5,893,453	5,764,937
Plant Operations & Maintenance	15,621,601	14,338,891	14,310,896	13,695,216	13,524,111	12,376,281	12,117,609	12,400,034	12,168,418	11,600,767
Pupil Transportation	12,119,654	10,579,649	10,193,170	10,145,281	10,358,426	9,915,322	10,761,129	9,894,739	9,981,645	9,477,122
Unallocated Benefits	71,026,696	58,201,625	50,828,661	52,443,681	48,862,438	42,819,524	41,299,324	38,279,625	35,562,799	38,895,076
Capital Outlay	3,173,306	1,447,347	2,255,685	3,133,722	15,432,926	5,282,644	2,956,659	20,503,667	10,372,975	6,251,968
<b>Debt Service:</b>										
Principal	4,860,000	5,061,917	4,860,000	4,660,000	4,475,000	5,455,000	3,839,000	2,910,000	2,805,000	2,650,000
Interest & Other Charges	1,630,443	1,351,116	2,220,168	2,415,268	2,599,293	2,775,393	3,223,579	2,569,255	2,673,722	2,878,750
<b>Total Expenditures</b>	<b>230,024,269</b>	<b>207,843,693</b>	<b>198,114,366</b>	<b>200,808,919</b>	<b>207,857,097</b>	<b>189,083,780</b>	<b>181,998,202</b>	<b>193,195,738</b>	<b>178,168,311</b>	<b>171,886,556</b>
<b>Other Financing Sources/(Uses):</b>										
Capital Leases (Non-budgeted)	-	-	-	-	11,200,000	1,500,000	820,000	2,442,752	1,350,000	710,000
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)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,858,217</b>	<b>1,500,000</b>	<b>1,321,922</b>	<b>2,230,514</b>	<b>20,428,723</b>	<b>605,672</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,126,796)</b>	<b>\$ 6,516,568</b>	<b>\$ 4,925,883</b>	<b>\$ (776,841)</b>	<b>\$ (3,947,725)</b>	<b>\$ (1,163,512)</b>	<b>\$ 594,391</b>	<b>\$ (17,227,626)</b>	<b>\$ 14,188,222</b>	<b>\$ (1,226,080)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.95%</b>	<b>3.21%</b>	<b>3.75%</b>	<b>3.71%</b>	<b>3.82%</b>	<b>4.69%</b>	<b>4.11%</b>	<b>3.28%</b>	<b>3.38%</b>	<b>3.45%</b>

Source: ACFR Schedule B-2

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
2022	\$ 36,697	-	\$ -	\$ 70,962	\$ 134,453	\$ -	\$ 153,306	\$ 395,418
2021	46,338	-	-	14,252	-	-	192,323	252,913
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	452,912
2013	24,225	-	-	30,250	151,357	-	228,007	433,839
Total	\$ 606,614	\$ 45,280	\$ -	\$ 302,355	\$ 1,048,684	\$ -	\$ 1,949,684	\$ 3,952,616

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.	OFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2022	\$ 115,550,600	\$ 12,016,574,600	\$ 144,337,100	\$ 570,100	\$ 1,079,166,300	\$ 10,124,300	\$ 124,961,100	\$ 13,491,284,100	\$ -	\$ 15,076,519	\$ 13,504,091,919	1.700	\$ 13,765,347,059
2021	82,942,000	10,545,723,500	140,560,000	599,500	1,024,223,500	9,987,200	116,482,800	11,920,518,500	-	15,061,773	11,931,209,173	1.295	12,447,140,438
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	1,029,473,000	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	9,086,002,156	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	9,804,812,200	-	13,874,518	9,818,686,718	1.323	10,412,940,361

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		GENERAL OBLIGATION DEBT SERVICE		TOTAL DIRECT	TOWNSHIP OF MIDDLETOWN		OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF MIDDLETOWN	MONMOUTH COUNTY	COUNTY OPEN SPACE				
2022	1.170	0.061	1.231	0.429	0.197	0.026	1.883			
2021	1.295	0.063	1.358	0.467	0.227	0.028	2.080			
2020	1.333	0.054	1.387	0.485	0.238	0.028	2.138			
2019	1.265	0.052	1.317	0.531	0.236	0.028	2.112			
2018	1.296	0.052	1.348	0.542	0.249	0.028	2.167			
2017	1.301	0.053	1.354	0.498	0.257	0.015	2.124			
2016	1.289	0.054	1.343	0.512	0.261	0.015	2.131			
2015	1.278	0.055	1.333	0.511	0.276	0.016	2.136			
2014	1.315	0.042	1.357	0.530	0.286	0.016	2.189			
2013	1.286	0.037	1.323	0.515	0.286	0.016	2.140			

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

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

Taxpayer	2022		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
At Middletown NJ Landlord LLC	\$ 175,859,400	1	1.302%
FM Red Owner, LLC	75,011,800	2	0.555%
APA Holdings	39,614,200	3	0.293%
Middletown VF, LLC (V.R. Trust)	33,356,200	4	0.247%
Centro NP Middletown Plaza Owner	32,855,700	5	0.243%
Hensyn, Inc.	29,158,800	6	0.216%
Middletown Marketplace, LLC	24,628,400	7	0.182%
American Properties at Middletown, LLC	22,700,000	8	0.168%
Middletown Shopping Center	19,895,400	9	0.147%
Clarion Partners	19,533,500	10	0.145%
Total	<u>\$ 472,613,400</u>		<u>3.317%</u>

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

**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	
2022	\$ 154,491,455	\$ 154,491,455	100.00%	-
2021	153,192,098	153,192,098	100.00%	-
2020	149,247,782	149,247,782	100.00%	-
2019	146,436,252	146,436,252	100.00%	-
2018	144,713,907	144,713,907	100.00%	-
2017	139,618,772	139,618,772	100.00%	-
2016	137,004,630	137,004,630	100.00%	-
2015	132,860,343	132,860,343	100.00%	-
2014	129,932,022	129,932,022	100.00%	-
2013	129,109,175	129,109,175	100.00%	-

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	PER CAPITA
	GENERAL OBLIGATION BONDS	LEASES AND FINANCED PURCHASES			
2022	\$ 37,145,000	\$ 8,563,117	\$ 45,708,117	N/A	701
2021	42,005,000	8,895,000	50,900,000	N/A	779
2020	47,075,000	9,650,000	56,725,000	N/A	866
2019	55,485,000	11,352,000	66,837,000	N/A	1,021
2018	60,145,000	12,962,756	73,107,756	N/A	1,057
2017	64,620,000	3,002,683	67,622,683	N/A	1,033
2016	68,920,000	4,018,010	72,938,010	N/A	1,105
2015	72,759,000	5,540,967	78,299,967	N/A	1,177
2014	75,669,000	5,216,008	80,885,008	N/A	978
2013	59,095,000	5,957,313	65,052,313	N/A	978

**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**

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>ESTIMATED SCHOOL DISTRICT POPULATION</b>	<b>NET ASSESSED VALUATION TAXABLE</b>	<b>NET GENERAL BONDED DEBT OUTSTANDING</b>	<b>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</b>	<b>PER CAPITA</b>
2022	65,995	\$ 13,504,091,919	\$ 37,145,000	0.28%	563
2021	65,190	11,931,209,173	42,005,000	0.35%	644
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	0.76%	1,129
2013	66,522	9,818,686,718	59,095,000	0.60%	888

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, 2022**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Middletown	\$ 48,082,882	100.0%	\$ 48,082,882
Other Debt:			
County of Monmouth - Township's Share (%)	1,196,250,000	10.2468%	122,577,152
Township of Middletown Sewerage Authority	10,402,943	100.0%	<u>10,402,943</u>
Subtotal, Overlapping Debt			181,062,977
Middletown Township School District Direct Debt			<u>37,145,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 218,207,977</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)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 469,429,429	\$ 448,306,188	\$ 437,859,664	\$ 431,398,485	\$ 424,439,315	\$ 417,776,497	\$ 411,210,910	\$ 412,170,654	\$ 418,760,059	\$ 435,003,780
Total Net Debt Applicable to Limit	37,145,000	42,005,000	47,075,000	55,485,000	60,145,000	64,620,000	68,920,000	72,759,000	75,669,000	59,095,000
Legal Debt Margin	\$ 432,284,429	\$ 390,784,664	\$ 390,784,664	\$ 375,913,485	\$ 364,294,315	\$ 353,156,497	\$ 342,290,910	\$ 339,411,654	\$ 343,091,059	\$ 375,908,780
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.91%	9.37%	10.75%	12.86%	14.17%	15.47%	16.76%	17.65%	18.07%	13.58%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis	
2021	\$ 12,447,140,438
2020	11,620,157,083
2019	11,139,909,689
	<u>\$ 35,207,207,210</u>
	<u>\$ 11,735,735,737</u>
	\$ 469,429,429
	<u>37,145,000</u>
	<u>\$ 432,284,429</u>

Average Equalized Valuation of Taxable Property  
 Debt Limit (4% of Average Equalization Value)  
 Net Bonded School Debt  
 Legal Debt Margin

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**

<b>YEAR</b>	<b>POPULATION (a)</b>	<b>PERSONAL INCOME (b)</b>	<b>PER CAPITA PERSONAL INCOME (c)</b>	<b>UNEMPLOYMENT RATE (d)</b>
2022	65,995	N/A	N/A	2.70%
2021	65,190	N/A	N/A	8.70%
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%

\* 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

	2022		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Middletown Township Board of Education	1,503	1	4.27%
Middletown Township	549	3	1.56%
Brookdale Community College	500	2	1.42%
Food Circus Food Markets	175	4	0.50%
Iatse Local	164	5	0.47%
Brighton Gardens of Middletown	142	6	0.40%
Kohl's Department Store	123	7	0.35%
Applebee's Neighborhood Bar and Grill	98	8	0.28%
Weichert Realtors	82	9	0.23%
Psychic Shop	80	10	0.23%
Total	<u>3,416</u>		<u>9.72%</u>
Total Employment - 2022 (Estimated)	<u>35,158</u>		

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

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction:										
Regular	617	612	615	630	636	595	602	623	628	595
Special Education	170	158	162	165	148	172	174	159	158	155
Classroom Paraprofessionals	286	288	245	230	257	273	290	305	311	267
Support Services:										
Attendance Services	4	4	4	4	4	-	-	-	1	1
Health Services	20	20	20	22	22	22	22	23	23	23
Student & Instruction Related Services	97	95	104	108	105	104	105	104	105	105
Educational Media Services/School Library	5	5	5	5	5	4	5	5	5	5
School Administrative Services	67	68	73	76	77	78	104	85	86	83
Central Services	22	23	21	21	21	20	27	19	18	17
Administrative Information Technology Service	10	10	11	10	10	13	15	14	13	12
Other Administrative Service	17	17	17	13	14	8	9	2	2	7
Plant Operations & Maintenance	152	164	173	174	156	153	341	156	153	146
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>1,470</b>	<b>1,467</b>	<b>1,453</b>	<b>1,461</b>	<b>1,458</b>	<b>1,445</b>	<b>1,697</b>	<b>1,498</b>	<b>1,506</b>	<b>1,419</b>

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
2022	8,934	\$ 149,333,824	\$ 16,715	6.73%	919	11.5	9,099	8633	-0.55%	94.88%
2021	9,053	141,781,688	15,661	-11.77%	905	12.1	9,149	8944	-4.44%	97.76%
2020	9,379	166,481,543	17,750	21.09%	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	4.92%	922	12.6	9,698	9,261	-0.30%	95.49%
2015	9,606	152,036,864	15,827	2.78%	905	12.6	9,727	9,303	-0.74%	95.64%
2014	9,678	149,037,626	15,400	6.76%	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%

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>2022</u>	<u>2021</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>
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	341	355	369	366	372	387	387	405	419	435
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)	302	302	289	296	308	279	279	304	313	328
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	469	465	531	511	495	506	506	501	486	529
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	259	267	285	274	251	233	233	232	232	235
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	452	449	456	451	442	456	456	491	509	520
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	425	408	393	384	382	391	391	413	418	433
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	193	206	236	233	273	282	282	294	295	279
New Monmouth Elementary (1968)										
Square Feet	60,840	60,840	60,840	60,840	60,840	60,840	60,840	60,840	60,840	60,840
Capacity	699	699	699	699	699	699	699	699	699	699
Enrollment	486	467	359	368	380	412	412	431	453	469
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	519	514	557	571	579	565	565	575	550	560

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

DISTRICT BUILDINGS	<u>2022</u>	<u>2021</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>
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	292	297	282	301	298	313	313	304	304	296
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
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	259	248	272	285	281	314	314	325	322	315
Middle Schools:										
Bayshore Middle School (1931):	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069
Square Feet	792	792	792	792	792	792	792	792	792	792
Capacity	613	639	624	623	655	672	672	642	667	670
Enrollment										
Thompson Middle School (1960)	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069
Square Feet	930	930	930	930	930	930	930	930	930	930
Capacity	917	939	978	1,003	1,062	1,032	1,032	945	945	917
Enrollment										
Thorne Middle School (1960)	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069
Square Feet	930	930	930	930	930	930	930	930	930	930
Capacity	622	636	679	679	710	748	748	731	715	744
Enrollment										
High Schools:										
Middletown High School North (1952):	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800
Square Feet	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849
Capacity	1,305	1,331	1,334	1,440	1,367	1,390	1,390	1,425	1,382	1,605
Enrollment										
Middletown High School South (1974):	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156
Square Feet	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793
Capacity	1,496	1,495	1,540	1,557	1,429	1,418	1,418	1,403	1,400	1,460
Enrollment										

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

<u>DISTRICT BUILDINGS</u>	<u>2022</u>	<u>2021</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>
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
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, 2021:  
 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. The Port Monmouth Elementary School closed during the 2019-20 School Year. 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)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
High Schools:											
High School North	N/A	\$ 843,086	\$ 669,852	\$ 698,997	\$ 582,394	\$ 647,478	\$ 594,341	\$ 615,678	\$ 540,713	\$ 540,713	\$ 35,766
High School South	N/A	781,638	621,029	648,050	539,946	600,286	551,023	570,805	501,303	501,303	120,203
Middle Schools:											
Bayshore Middle	N/A	474,834	377,267	393,682	328,010	364,666	334,739	346,756	304,535	304,535	21,252
Thompson	N/A	425,396	337,987	352,693	293,859	326,698	299,887	310,653	272,827	272,827	117,674
Thorne	N/A	425,396	337,987	352,693	293,859	326,698	299,887	310,653	272,827	272,827	97,001
Elementary Schools:											
Bayview	N/A	145,019	115,221	120,234	100,177	111,372	102,232	105,902	93,008	93,008	14,235
Fairview	N/A	108,632	86,311	90,066	75,042	83,428	76,581	79,331	69,671	69,671	7,489
Harmony	N/A	169,425	134,612	140,469	117,037	130,116	119,437	123,725	108,660	108,660	51,247
Leonardo	N/A	106,309	84,465	88,140	73,437	81,643	74,943	77,634	68,181	68,181	14,219
Lincroft	N/A	130,385	103,594	108,101	90,068	100,134	91,916	95,216	83,622	83,622	5,814
Middletown Village	N/A	117,465	93,329	97,390	81,144	90,211	82,808	85,781	75,336	75,336	5,214
Navesink	N/A	95,953	76,237	79,554	66,283	73,690	67,643	70,071	61,539	61,539	21,007
New Monmouth	N/A	200,521	159,319	166,251	138,518	153,997	141,359	146,434	128,604	128,604	7,785
Nut Swamp	N/A	157,609	125,224	130,673	108,874	121,041	111,108	115,097	101,082	101,082	71,635
Ocean Avenue	N/A	103,952	82,592	86,186	71,809	79,834	73,282	75,913	66,670	66,670	21,441
Port Monmouth	N/A	84,869	67,430	70,364	58,626	65,178	59,829	61,977	54,431	54,431	5,214
River Plaza	N/A	105,600	83,902	87,552	72,947	81,099	74,444	77,116	67,727	67,727	108,757
Grand Total		\$ 4,476,088	\$ 3,556,357	\$ 3,711,094	\$ 3,092,030	\$ 3,437,569	\$ 3,155,459	\$ 3,268,742	\$ 2,870,736	\$ 2,870,736	\$ 725,953

Source: District Records



**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
6/30/2022**

<b>Commercial Package Policy - Diploma JIF</b>	<b>COVERAGE</b>	<b>DEDUCTIBLE</b>
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	\$50,000,000	\$5,000
Blanket Valuable Paper & Records	Included	\$5,000
Demolition & Increased Cost of Construction	\$50,000,000	\$5,000
Builders Risk (New Construction)	\$25,000,000	\$5,000
Newly Acquired Property	\$25,000,000	\$5,000
Property in Transit	\$25,000,000	\$5,000
Auto Physical Damage	Included	\$1,000
Unnamed Locations	\$25,000,000	\$5,000
Accounts Recievable	\$2,500,000	\$5,000
Fine Arts	\$2,500,000	\$5,000
	500,000 per occ /	
Loss or Rents	\$2,500,000	\$5,000
	Aggregate	
<b>Flood/Earthquake:</b>		
Flood Zone A & V	\$25,000,000	\$500,000
All Other Flood Zones	\$10,000,000	\$10,000
Earthquake	\$25,000,000	\$1,000
Terrorism	\$100,000,000	
<b>Electronic Data Processing:</b>		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	Included	\$5,000
<b>Equipment Breakdown / Boiler and Machinery</b>	\$100,000,000	\$5,000
<b>Crime Coverage:</b>		
Public Employee Dishonesty	\$500,000	\$1,000
Theft of Monies and Securities	\$50,000	\$1,000
Forgery or Alteration	\$50,000	\$1,000
Computer Fraud	\$50,000	\$1,000
<b>Public Officials Bond</b>		
Board Secretary - A Gallagher RLI	\$625,000	
<b>General Liability:</b>		
Bodily Injury & Property Damage	\$5,000,000	
Products & Completed Operations	\$5,000,000	
Sexual Abuse / Molestation	\$5,000,000	
Personal Injury & Advertising Injury	\$5,000,000	
Employee Benefits Liability	\$5,000,000	\$1,000
Premises Medical Payments	\$5,000 per person	
Terrorism	\$1,000,000	
<b>Automotive Coverage:</b>		
Combined Single Limit for Bodily Injury & Property Damage	\$5,000,000	\$1,000 coll/comp
Personal Injury Protection	\$250,000	
Medical Payments	\$10,000	
Underinsured	\$1,000,000	

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
6/30/2022**

<b>Commercial Package Policy - Diploma JIF</b>	<b>COVERAGE</b>	<b>DEDUCTIBLE</b>
Terrorism	\$1,000,000	
Garagekeepers	Included	
<b>School Leaders Errors &amp; Omissions</b>		
Coverage A - protection againsts "loss"/Wrongful Acts	\$5,000,000	\$15,000
Coverage B - defense costs for specific administrative actions	\$100,000	\$15,000
Retro Date	7/1/1986	
<b>Workers' Compensation</b>		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	\$2,000,000	
Bodily Injury by Disease	\$2,000,000	
<b>Foreign Travel Accident Insurance</b>		
National Union Fire Ins Co	\$1,000,000	
<b>Environmental Impairment Liability</b>		
Limit of Liability	,000,000 Per Incident \$5,000,000 Fund Aggregate	\$50,000
<b>Excess Liability (GL &amp;AL)</b>		
Limit of Liability Per Occurrence / Aggregate	\$5,000,000	
<b>Cyber Liability</b>		
Limit of Liability Per Occurrence / Aggregate	\$2,000,000	\$10,000
Third Party Liability - Privacy Notifcation	\$500,000	\$10,000
First Party Computer Security		
Cyber Extortion Loss	\$750,000	\$10,000
Data Protection and Business Interruption	\$750,000	\$10,000

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, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 16, 2023.

#### **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) as a basis for designing 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 F. Holman

Certified Public Accountant

Public School Accountant, No. 20CS00260100

Lakewood, New Jersey  
March 16, 2023

**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**

***Opinion on Each Major Federal and State Program***

We have audited the Middletown Township School District's compliance with types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the Middletown Township's 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, 2022.

***Basis for Opinion on Each Major Federal and State Program***

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* 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. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Middletown Township's School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts of grant agreements applicable to the Middletown Township's School District's federal and state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Middletown Township's School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB's Circular 15-08 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 F. Holman

Certified Public Accountant

Public School Accountant, No. 20CS00260100

Lakewood, New Jersey

March 16, 2023

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MIDDLETON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL AWARD TITLE LISTING NUMBER	FEDERAL IDENTIFICATION NUMBER	PASS THROUGH IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2021	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT PRIOR YEARS BALANCES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	UNRECORDED REVENUE	BALANCE JUNE 30, 2022	
													RECEIVABLE	DUE TO GRANITOR
93.778	1905N5MAP	100-084-7540-211	\$ 110,069	7/12/16-30/22	\$ -	\$ -	\$ 110,069	\$ (110,069)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10.553	211NF08N1099	100-010-3350-028	354,182	7/12/16-30/22	(23,548)	23,548	411,631	(429,059)	-	-	-	-	(40,976)	-
10.555	211NF08N1099	100-010-3350-028	429,059	7/12/16-30/22	(23,548)	23,548	411,631	(429,059)	-	-	-	-	(40,976)	-
10.555	211NF08N1099	100-010-3350-028	950,505	7/12/06/30/21	(141,741)	141,741	3,825,897	(3,999,015)	-	-	-	-	(14,859)	-
10.555	211NF08N1099	100-010-3350-028	3,999,015	7/12/16-30/22	(14,741)	14,741	59,186	(59,186)	-	-	-	-	(14,859)	-
10.555	211NF08N1099	100-010-3350-028	59,186	7/12/16-30/22	(2,827)	2,827	125,519	(125,519)	-	-	-	-	(14,859)	-
10.555	211NF08N1099	100-010-3350-028	125,519	7/12/16-30/22	(14,859)	14,859	4,425,060	(4,553,953)	-	-	-	-	(59,186)	-
10.649	202222900941	100-010-3350-115	61,98	7/12/16-30/22	(168,116)	168,116	4,431,258	(4,559,791)	-	-	-	-	(59,186)	-
84.010	8101A200030	100-034-5064-194	556,636	7/12/09/30/21	(275,126)	275,126	545,317	(476,369)	-	-	-	-	(106,378)	-
84.010	8101A200030	100-034-5064-194	477,726	7/12/19/30/22	(905)	905	8,391	(21,483)	-	-	-	-	(14,097)	-
84.010	8101A200030	100-034-5064-194	28,460	7/12/19/30/22	(2,662)	2,662	2,662	-	-	-	-	-	-	-
84.010	8101A200030	100-034-5064-194	81,56	7/12/19/30/22	(278,893)	278,893	586,270	(497,852)	-	-	-	-	(230,415)	-
84.367A	S167A200029	100-034-5065-290	188,994	7/12/09/30/21	(114,074)	114,074	181,297	(112,744)	-	-	-	-	(45,521)	-
84.367A	S367A210029	100-034-5065-290	138,600	7/12/19/30/22	(114,074)	114,074	181,297	(112,744)	-	-	-	-	(45,521)	-
84.365A	S365A200030	100-034-5064-187	13,175	7/12/09/30/21	(379)	379	11,600	(11,121)	-	-	-	-	-	-
84.365A	S365A200030	100-034-5064-187	17,124	7/12/09/30/21	(553)	553	11,674	(11,121)	-	-	-	-	-	-
84.424A	S424A200031	100-034-5064-189	46,258	7/12/09/30/21	(6,559)	6,559	34,031	(34,255)	-	-	-	-	(6,783)	-
84.424A	S442A210031	100-034-5064-189	56,405	7/12/19/30/22	(6,559)	6,559	34,031	(34,255)	-	-	-	-	(6,783)	-
84.027X	H027X210100	100-034-5065-016	516,687	7/12/19/30/22	(493,419)	493,419	456,192	(499,171)	-	-	-	-	(42,979)	-
84.027A	H027A201000	100-034-5065-016	2,859,489	7/12/09/30/21	(493,419)	493,419	2,835,270	(2,846,243)	-	-	-	-	(904,495)	-
84.173X	H173X210114	100-034-5065-016	44,081	7/12/19/30/22	(3,278)	3,278	44,081	(44,081)	-	-	-	-	(3,278)	-
84.173	H173A201014	100-034-5065-020	82,986	7/12/09/30/21	(8,089)	8,089	66,615	(83,572)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	78,006	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-5200-518	45,000	3/13/20-9/30/24	(6,179)	6,179	2,653,883	(2,653,883)	-	-	-	-	(20,235)	-
84.425U	S425U210027	100-034-52												

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2022**

**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, 2022. 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, 2022.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2022 (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 \$119,752 for the general fund and \$(434,327) 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	\$ 110,069	\$ 59,523,023	\$ 59,633,092
Special Revenue Fund	6,642,895	1,450,549	8,093,444
Debt Service Fund	-	1,087,905	1,087,905
Food Service Fund	4,559,791	93,880	4,653,671
Total Awards & Financial Assistance	<u>\$ 11,312,755</u>	<u>\$ 62,155,357</u>	<u>\$ 73,468,112</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, 2022.





MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

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

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$ 783,270

Auditee qualified as low-risk auditee? X yes          no

Internal control over major programs:

1) Material weakness(es) identified?          yes X no

2) Significant deficiency(ies) identified?          yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?          yes X no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
495-034-5120-014	Transportation Aid
495-034-5094-003	Reimbursed TPAF Social Security Contributions

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**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, 2022**

**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, 2022**

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.