

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

Middletown, New Jersey
County of Monmouth

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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



YEAR ENDED JUNE 30, 2023

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

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INTRODUCTORY SECTION

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MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS

Office of the School Business Administrator/Board Secretary

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December 15, 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, 2023, 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, 2023, 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 adjusts the net assessed valuations of properties to estimated market value each year. Our bonded indebtedness is \$32,065,000 as compared to our school-borrowing margin of \$485,313,005.

The District's enrollment has declined slightly over the last few years, which corroborates an updated enrollment projection completed in July 2020 that predicted 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.

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 \$434,000 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, 2023.

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, 2023, the District's outstanding debt issues included bonds of \$32,065,000. 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.

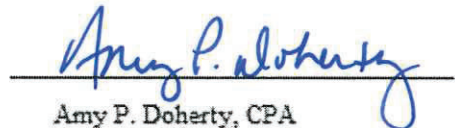
11. Awards

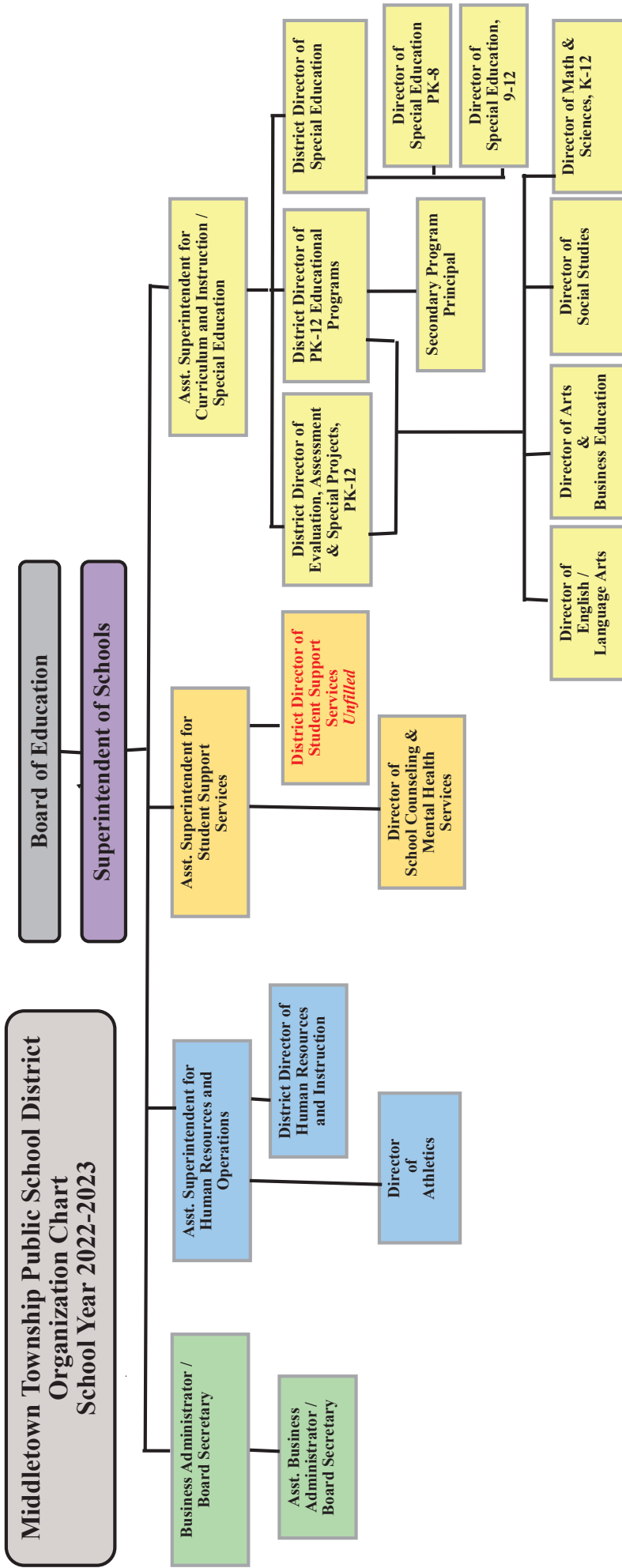
The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Excellence, the district published 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,


Jessica Alfano
Acting Superintendent of Schools


Amy P. Doherty, CPA
Business Administrator/Board Secretary



BOE Approval: TBD

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
MIDDLETOWN, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education

TERM EXPIRES

Frank Capone, President	2023
Jacqueline Tobacco, Vice President	2023
Leonora Caminiti	2025
Kate Farley	2024
Harmony Barry Heffernan	2023
Joseph Fitzgerald	2025
Gary Tulp	2025
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, 2023**

AUDITOR/AUDIT FIRM

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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, 2022.**

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



**John W. Hutchison
President**

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim 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, 2023, 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, 2023, 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.

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 the 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 December 15, 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.

Brian J. Waldron
Certified Public Accountant
Public School Accountant, No. 2600

Lakewood, New Jersey
December 15, 2023

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2023

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, 2023. 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 (2022-2023) and the prior fiscal year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022-2023 are as follows:

- In total, net position of governmental activities increased \$10,070,682, which represents a 75.03% increase from 2022. Total net position of business-type activities increased \$640,197, which represents a 45.71% increase from 2022.
- General revenues accounted for \$184,315,606 in revenue or 71.72% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$72,667,214 or 28.28% of total revenues of \$256,982,820.
- Total assets of governmental activities decreased by \$2,353,361 as cash and cash equivalents increased by \$1,517,940, receivables decreased by \$1,271,382, restricted cash and cash equivalents and cash on hand with fiscal agent decreased by \$2,181,018, and total capital assets decreased by \$323,060.
- Total liabilities of governmental activities decreased by \$2,770,763, as accounts payable decreased by \$298,099 and non-current liabilities due beyond one year decreased by \$2,247,188.
- The District had \$243,712,308 in governmental activity expenses; only \$69,467,384 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 \$184,315,606 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$10,070,682.
- In the governmental funds, the general fund had \$216,869,252 in revenues and \$218,143,403 in expenditures. The general fund's fund balance decreased by \$1,274,151 during 2023.

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, 2023 and 2022, respectively:

Net Position
June 30, 2023

	Governmental Activities		Business-Type Activities	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets				
Current and Other				
Assets	\$ 31,352,176	\$ 33,286,636	\$ 1,347,419	\$ 1,119,976
Capital Assets, Net	86,307,913	86,726,814	919,039	709,657
Total Assets	<u>117,660,089</u>	<u>120,013,450</u>	<u>2,266,458</u>	<u>1,829,633</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	3,425,350	2,523,353	-	-
Deferred Charges on				
Refunding of Debt	1,569,121	1,746,318	-	-
Total Deferred Outflows of Resources	<u>4,994,471</u>	<u>4,269,671</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-Term Liabilities	73,841,081	75,934,569	-	-
Other Liabilities	17,474,997	18,152,272	225,666	429,038
Total Liabilities	<u>91,316,078</u>	<u>94,086,841</u>	<u>225,666</u>	<u>429,038</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	7,845,104	16,773,584	-	-
Total Deferred Inflows of Resources	<u>7,845,104</u>	<u>16,773,584</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in				
Capital Assets	51,170,672	45,834,253	919,039	709,657
Restricted	4,527,506	7,098,185	-	-
Unrestricted	(32,204,800)	(39,509,742)	1,121,753	690,938
Total Net Position	<u>\$ 23,493,378</u>	<u>\$ 13,422,696</u>	<u>\$ 2,040,792</u>	<u>\$ 1,400,595</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 \$51,170,672 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, 2023.

Restricted net position decreased \$2,570,679 from the prior year to \$4,527,506 at June 30, 2023.

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 \$(32,204,800) 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, 2023 and 2022. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the 'Financial Analysis of the District's Funds' section later in this report.

	<u>June 30, 2023</u>		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Revenues and Special Items:			
Program Revenues:			
Charges for Services	\$ -	\$ 1,915,791	\$ 1,915,791
Operating Grants and Contributions	69,467,384	1,284,039	70,751,423
General Revenues:			
Property Taxes	157,972,679	-	157,972,679
Federal and State Aid	23,467,029	-	23,467,029
Miscellaneous	2,875,898	-	2,875,898
Total Revenues and Special Items	253,782,990	3,199,830	256,982,820
Expenses:			
Instructional Services	156,856,550	-	156,856,550
Support Services	85,479,304	2,559,633	88,038,937
Interest and Other Charges	1,376,455	-	1,376,455
Total Expenses	243,712,308	2,559,633	246,271,941
Change in Net Position	10,070,682	640,197	10,710,879
Net Position, Beginning	13,422,696	1,400,595	14,823,291
Net Position, Ending	\$ 23,493,378	\$ 2,040,792	\$ 25,534,170

	<u>June 30, 2022</u>		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Revenues:			
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	248,036,514	4,778,480	252,814,994
Expenses:			
Instructional Services	158,843,779	-	158,843,779
Support Services	79,992,889	3,949,812	83,942,701
Interest and Other Charges	1,590,687	-	1,590,687
Total Expenses	240,427,355	3,949,812	244,377,167
Change in Net Position	7,609,159	828,668	8,437,827
Net Position, Beginning (As Restated)	5,813,537	571,927	6,385,464
Net Position, Ending	\$ 13,422,696	\$ 1,400,595	\$ 14,823,291

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, 2023 and 2022 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	<u>June 30, 2023</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2022	Percent of Increase (Decrease)
Local Tax Levy	\$ 157,972,679	67.89%	\$ 3,481,224	2.25%
Tuition Charges	968,319	0.42%	(50,682)	-4.97%
Miscellaneous	2,997,571	1.29%	424,995	16.52%
State Sources	63,628,776	27.34%	1,567,299	2.53%
Federal Sources	7,133,973	3.07%	381,009	5.64%
Total	\$ 232,701,318	100.00%	\$ 5,803,845	2.56%

June 30, 2022

	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>

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, 2023 and 2022 and the amount and percentage of increases and (decreases) in relation to prior year expenditures.

June 30, 2023

	Amount	Percent Of Total	Increase (Decrease) From 2022	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 87,279,749	37.30%	\$ (759,664)	-0.86%
Undistributed	134,722,369	57.58%	2,401,262	1.81%
Transfer to Charter	173,956	0.07%	173,956	0.13%
Capital Outlay	5,284,059	2.26%	2,110,753	66.52%
Debt Service:				
Principal	5,080,000	2.17%	220,000	4.53%
Interest	1,426,118	0.61%	(204,325)	-12.53%
Total	<u>\$ 233,966,251</u>	<u>100.00%</u>	<u>\$ 3,941,982</u>	<u>1.71%</u>

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>

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 2022 - 2023.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2022-2023 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 2022-2023 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2022-2023 unassigned fund balance decreased by \$2,527,008 to \$2,506,863 (2% 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 \$640,197 in 2022-2023 as compared to a change in net position of \$828,668 in 2021-2022. The Board has made significant investments in equipment for the food service operations over the last few years to replace end of life equipment. Operating revenues increased by 2,820% in 2022-2023 and operating expenses decreased by 35%. The food service fund incurred an operating loss of \$(643,842) in 2022-2023, as compared to an operating loss of \$(3,884,204) in 2021-2022. Funding from the State and Federal Government under the State and National Programs decreased \$3,428,833 from 2021-2022 to 2022-2023. The unrestricted net position of the food service program was \$1,121,753 and the restricted amount of Net Investment in Capital Assets totaled \$919,039 at June 30, 2023.

Capital Assets

At June 30, 2023 the District had capital assets of \$87,035,271, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2023</u>	
	Governmental	Business-Type
	Activities	Activities
Land	\$ 16,909,500	\$ -
Construction In Progress	2,002,657	-
Land Improvements	4,552,407	-
Buildings/Construction	56,664,768	290,710
Machinery and Equipment	5,986,900	628,329
Total	<u>\$ 86,116,232</u>	<u>\$ 919,039</u>

	<u>June 30, 2022</u>	
	Governmental	Business-Type
	Activities	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>

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, 2023 and 2022, the District's outstanding debt issues included \$32,065,000 and \$37,145,000 respectively of general obligation bonds (2020 refunding bonds, 2014 issue, and 2013 refunding bonds), \$7,816,026 and \$8,563,117 respectively of leases and financed purchases (Restated - Savin Copiers (lease) and ESIP Lease (finance purchase)) and \$4,446,481 and \$4,340,518 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 2023-2024 budget will be adequate to satisfy all 2023-2024 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 2023-2024.
- The District was notified that its 2023-2024 state aid was being reduced. State aid for 2023-2024 reflected a reduction of \$329,953. A reduction in state aid of \$104,000 is for 2024-2025 under the 2018 School Funding Reform Act.
- The District continues to be negatively impacted by legislation known as S-1701, and notably the surplus provisions, which require districts to keep surplus at 2% of their operating budgets or less. This fund balance threshold is precariously low, and forcing a reduction to 2% every year can cause significant fluctuations in school taxes from year to year.
- The District 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, 2023

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:				
Cash & Cash Equivalents	\$	22,990,933	\$ 1,297,764	\$ 24,288,697
Receivables, Net (Note 4)		5,040,437	49,655	5,090,092
Restricted Cash & Cash Equivalents		3,320,806	-	3,320,806
Right to Use Leased Assets, Net (Note 20)		191,681	-	191,681
Capital Assets, Net (Note 5):				
Non-Depreciable		18,912,157	-	18,912,157
Depreciable		67,204,075	919,039	68,123,114
Total Assets		117,660,089	2,266,458	119,926,547
DEFERRED OUTFLOWS OF RESOURCES:				
Related to Pensions (Note 8)		3,425,350	-	3,425,350
Related to Loss on Debt Refunding		1,569,121	-	1,569,121
Total Deferred Outflow of Resources		4,994,471	-	4,994,471
LIABILITIES:				
Accounts Payable		3,330,152	111,084	3,441,236
Due to Other Governments		2,563,849	-	2,563,849
Unearned Revenue		495,319	114,582	609,901
Accrued Interest		343,979	-	343,979
Accrued Salaries and Wages		182,115	-	182,115
Payroll Deductions and Withholdings		5,183,355	-	5,183,355
Claims Payable		5,217,416	-	5,217,416
Unemployment Trust Liability		158,812	-	158,812
Noncurrent Liabilities (Note 7):				
Due Within One Year		6,716,217	-	6,716,217
Due in More Than One Year		67,124,864	-	67,124,864
Total Liabilities		91,316,078	225,666	91,541,744
DEFERRED INFLOWS OF RESOURCES:				
Related to Pensions (Note 8)		7,845,104	-	7,845,104
Total Deferred Inflow of Resources		7,845,104	-	7,845,104
Net Position - Beginning				
Net Investment in Capital Assets		51,170,672	919,039	52,089,711
Restricted for:				
Capital Reserve (Note 3)		30,915	-	30,915
Debt Service		315	-	315
Maintenance Reserve (Note 3)		569,081	-	569,081
Legal Reserve (Note 3)		2,289,240	-	2,289,240
Unemployment Reserve		431,570	-	431,570
Student Activities		583,862	-	583,862
Scholarship		622,523	-	622,523
Unrestricted (Deficit)		(32,204,800)	1,121,753	(31,083,047)
Total Net Position	\$	23,493,378	\$ 2,040,792	\$ 25,534,170

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

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	\$ 115,567,167	\$ -	\$ 43,034,045	\$ (72,533,122)	\$ -	\$ (72,533,122)
Special Education Instruction	36,898,296	-	12,853,692	(24,044,604)	-	(24,044,604)
Other Instruction	4,391,086	-	1,529,655	(2,861,431)	-	(2,861,431)
Support Services:						
Tuition	6,118,812	-	642,099	(5,476,713)	-	(5,476,713)
Student & Instruction Related Services	26,254,387	-	5,685,265	(20,569,122)	-	(20,569,122)
General Administrative	3,648,756	-	382,895	(3,265,861)	-	(3,265,861)
School Administrative Services	8,644,297	-	907,120	(7,737,177)	-	(7,737,177)
Central Services	1,874,611	-	196,719	(1,677,892)	-	(1,677,892)
Administrative Info. Technology	1,154,465	-	121,148	(1,033,317)	-	(1,033,317)
Plant Operations & Maintenance	20,757,772	-	2,346,295	(18,411,477)	-	(18,411,477)
Pupil Transportation	16,852,248	-	1,768,451	(15,083,797)	-	(15,083,797)
Transfer to Charter Schools	173,956	-	-	(173,956)	-	(173,956)
Interest & Other Charges	1,376,455	-	-	(1,376,455)	-	(1,376,455)
Total Governmental Activities	243,712,308	-	69,467,384	(174,244,924)	-	(174,244,924)
Business-Type Activities:						
Food Service	2,559,633	1,915,791	1,284,039	-	640,197	640,197
Total Business-Type Activities	2,559,633	1,915,791	1,284,039	-	640,197	640,197
Total Primary Government	\$ 246,271,941	\$ 1,915,791	\$ 70,751,423	(174,244,924)	640,197	(173,604,727)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				152,782,231	-	152,782,231
Property Taxes, Levied for Debt Service				5,190,448	-	5,190,448
Federal & State Aid Restricted				4,889,166	-	4,889,166
Federal & State Aid Not Restricted				18,577,863	-	18,577,863
Tuition Charges				968,319	-	968,319
Miscellaneous				1,907,579	-	1,907,579
Total General Revenues and Special Items				184,315,606	-	184,315,606
Change In Net Position				10,070,682	640,197	10,710,879
Net Position - Beginning				13,422,696	1,400,595	14,823,291
Net Position - Ending				\$ 23,493,378	\$ 2,040,792	\$ 25,534,170

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, 2023**

	MAJOR FUNDS				TOTAL
	GENERAL	SPECIAL	CAPITAL	DEBT	GOVERNMENTAL
	FUND	REVENUE	PROJECTS	SERVICE	FUNDS
		FUND	FUND	FUND	
ASSETS					
Cash & Cash Equivalents	\$ 22,023,647	\$ 966,971	\$ -	\$ 315	\$ 22,990,933
Receivables, Net:					
Due from Other Governments:					
Federal	-	1,767,942	-	-	1,767,942
State	3,058,792	-	-	-	3,058,792
Local	-	16,897	-	-	16,897
Other Receivables	196,806	-	-	-	196,806
Restricted Cash & Cash Equivalents	3,320,806	-	-	-	3,320,806
Total Assets	\$ 28,600,051	\$ 2,751,810	\$ -	\$ 315	\$ 31,352,176
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,709,365	\$ 620,787	\$ -	\$ -	\$ 3,330,152
Intergovernmental Payable:					
Federal	-	414,910	-	-	414,910
State	-	16,897	-	-	16,897
Unearned Revenue	3,150	492,169	-	-	495,319
Unemployment Trust Liability	158,812	-	-	-	158,812
Payroll Deductions and Withholdings	5,183,355	-	-	-	5,183,355
Claims Payable	5,217,416	-	-	-	5,217,416
Accrued Salaries and Wages	181,453	662	-	-	182,115
Total Liabilities	13,453,551	1,545,425	-	-	14,998,976
Fund Balances:					
Restricted for:					
Capital Reserve	30,915	-	-	-	30,915
Maintenance Reserve	569,081	-	-	-	569,081
Legal Reserve	2,289,240	-	-	-	2,289,240
Unemployment Reserve	431,570	-	-	-	431,570
Student Activities	-	583,862	-	-	583,862
Scholarship	-	622,523	-	-	622,523
Debt Service	-	-	-	315	315
Assigned to:					
Designated for					
Subsequent Year's Expenditures	5,078,890	-	-	-	5,078,890
Other Purposes	4,239,941	-	-	-	4,239,941
Unassigned	2,506,863	-	-	-	2,506,863
Total Fund Balances	15,146,500	1,206,385	-	315	16,353,200
Total Liabilities & Fund Balances	\$ 28,600,051	\$ 2,751,810	\$ -	\$ 315	
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 \$218,358,503 and the accumulated depreciation is \$132,242,271.					86,116,232
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 \$191,682.					191,681
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.					
Deferred Outflows Related to Pensions					3,425,350
Deferred Inflows Related to Pensions					(7,845,104)
Deferred Outflow Related to the Loss on Bond Refunding of Debt					1,569,121
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.					(343,979)
Accrued pension contributions for the June 30, 2023 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.					(2,132,042)
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.					(73,841,081)
Net Position of Governmental Activities					<u>\$ 23,493,378</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 152,782,231	\$ -	\$ -	\$ 5,190,448	\$ 157,972,679
Tuition Charges	968,319	-	-	-	968,319
Miscellaneous	1,885,266	1,112,305	-	-	2,997,571
Total Local Sources	155,635,816	1,112,305	-	5,190,448	161,938,569
State Sources	60,471,242	1,896,985	-	1,260,549	63,628,776
Federal Sources	762,194	6,371,779	-	-	7,133,973
Total Revenues	216,869,252	9,381,069	-	6,450,997	232,701,318
Expenditures:					
Current:					
Instruction:					
Regular Instruction	61,525,238	2,778,614	-	-	64,303,852
Special Education Instruction	20,532,432	-	-	-	20,532,432
Other Instruction	2,443,465	-	-	-	2,443,465
Support Services:					
Tuition	4,676,735	-	-	-	4,676,735
Attendance & Social Work Services	341,626	-	-	-	341,626
Health Services	2,530,874	-	-	-	2,530,874
Student & Instruction Related Services	14,258,367	2,935,904	-	-	17,194,271
General Administrative	2,788,820	-	-	-	2,788,820
School Administrative Services	6,607,015	-	-	-	6,607,015
Central Services	1,432,804	-	-	-	1,432,804
Administrative Information Technology	882,381	-	-	-	882,381
Plant Operations & Maintenance	17,089,250	-	-	-	17,089,250
Pupil Transportation	12,880,522	-	-	-	12,880,522
Unallocated Benefits	25,642,498	-	-	-	25,642,498
On Behalf TPAF Pension and Social Security Contributions	42,655,573	-	-	-	42,655,573
Transfer to Charter Schools	173,956	-	-	-	173,956
Capital Outlay	1,654,647	3,628,617	795	-	5,284,059
Debt Service:					
Principal	-	-	-	5,080,000	5,080,000
Interest & Other Charges	27,200	-	-	1,398,918	1,426,118
Total Expenditures	218,143,403	9,343,135	795	6,478,918	233,966,251
Excess/(Deficiency) of Revenues Over Expenditures	(1,274,151)	37,934	(795)	(27,921)	(1,264,933)
Net Changes in Fund Balances	(1,274,151)	37,934	(795)	(27,921)	(1,264,933)
Fund Balance, July 1	16,420,651	1,168,451	795	28,236	17,618,133
Fund Balance, June 30	\$ 15,146,500	\$ 1,206,385	\$ -	\$ 315	\$ 16,353,200

**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, 2023**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (1,264,933)

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	(5,998,612)	
Capital Asset Additions (Net Transfers)	<u>5,675,552</u>	
		(323,060)

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.

5,425,496

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.

5,827,091

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	<u>(95,841)</u>	
		(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	<u>(177,197)</u>	
		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 (+).

49,663

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 (+).

(105,963)

Change in Net Position of Governmental Activities

\$ 10,070,682

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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, 2023**

	MAJOR FUNDS BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,297,764
Accounts Receivable:	
Federal	27,969
State	1,338
Other Receivables	20,348
	<hr/>
Total Current Assets	1,347,419
	<hr/>
Noncurrent Assets:	
Capital Assets	1,666,408
Less: Accumulated Depreciation	(747,369)
	<hr/>
Total Capital Assets, Net	919,039
	<hr/>
Total Noncurrent Assets	919,039
	<hr/>
Total Assets	2,266,458
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts Payable	111,084
Unearned Revenue	114,582
	<hr/>
Total Current Liabilities	225,666
	<hr/>
NET POSITION	
Net Investment in Capital Assets	919,039
Unrestricted	1,121,753
	<hr/>
Total Net Position	\$ 2,040,792
	<hr/> <hr/>

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, 2023**

	MAJOR FUNDS BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 1,903,080
Miscellaneous	12,711
	<hr/>
Total Operating Revenues	1,915,791
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	886,928
Salaries	1,313,897
Supplies and Materials	128,541
Depreciation	78,091
Management and Administrative Fees	103,060
Other	49,116
	<hr/>
Total Operating Expenses	2,559,633
	<hr/>
Operating Income/(Loss)	(643,842)
	<hr/>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	33,171
State School Breakfast Program	994
Federal Sources:	
National School Lunch Program	654,449
National School Breakfast Program	43,567
Supply Chain Assistance	418,895
Food Distribution Program	118,464
Interest Revenue	15,259
Loss on Disposal of Capital Asset	(760)
	<hr/>
Total Nonoperating Revenues/(Expenses)	1,284,039
	<hr/>
Change in Net Position	640,197
Total Net Position - Beginning	1,400,595
	<hr/>
Total Net Position - Ending	\$ 2,040,792
	<hr/> <hr/>

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, 2023**

	MAJOR FUNDS BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 2,242,772
Payments to Employees	(1,313,897)
Payments to Suppliers	(1,260,192)
	<u>(331,317)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(331,317)</u>
Cash Flows From Noncapital Financing Activities:	
Interest	15,259
State Sources	34,165
Federal Sources	1,116,911
	<u>1,166,335</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>1,166,335</u>
Cash Flows From Capital & Related Financing Activities:	
Net Purchases of Capital Assets	(288,233)
	<u>(288,233)</u>
Net Cash Provided by/(Used for) Capital & Related Financing Activities	<u>(288,233)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	546,785
Balances - Beginning of Year	<u>750,979</u>
Balances - End of Year	<u><u>\$ 1,297,764</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (643,842)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	78,091
Food Distribution Program	118,464
(Increase)/Decrease in Accounts Receivable, Net	319,342
Increase/(Decrease) in Other Current Liabilities	(255)
Increase/(Decrease) in Unearned Revenue	7,639
Increase/(Decrease) in Accounts Payable	(210,756)
	<u>312,525</u>
Total Adjustments	<u>312,525</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (331,317)</u></u>

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, 2023

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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, 2023 of 8,814 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, 2023.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 (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, 2023 and December 15, 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, 2023 (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, 2023:

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. Management has deemed this to be immaterial to the District's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

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.

Management has not yet determined the potential impact on the District's financial statements.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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 funds 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, 2023, the School District's bank balance of \$29,270,579 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 21,942,899
Uninsured and Uncollateralized	<u>7,327,680</u>
Total	<u><u>\$ 29,270,579</u></u>

Investments

The School District had no investments at June 30, 2023.

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, 2023 (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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 2,220,917
Increased by:	
Interest Earnings	<u>26,062</u>
	2,246,979
Decreased by:	
Budget Withdrawals	<u>2,216,064</u>
Ending Balance, June 30, 2023	<u><u>\$ 30,915</u></u>

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, 2023 (Continued)

Note 3. Reserve Accounts (Continued)

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance, June 30, 2023 & 2022	<u>\$ 569,081</u>
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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, 2023 & 2022	<u>\$ 2,289,240</u>
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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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 422,586
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Increased by:

Interest Earnings	<u>8,984</u>
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Ending Balance, June 30, 2023	<u>\$ 431,570</u>
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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)

Note 4. Accounts Receivable

Accounts receivable at June 30, 2023 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, 2023, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
Federal Awards	\$ -	\$ 1,767,942	\$ 1,767,942
State Awards	3,058,792	-	3,058,792
Local Awards	-	16,897	16,897
Tuition/Other	196,806	-	196,806
Total	<u>\$ 3,255,598</u>	<u>\$ 1,784,839</u>	<u>\$ 5,040,437</u>

<u>Description</u>	<u>Proprietary Funds</u>	
	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ 27,969	\$ 27,969
State Awards	1,338	1,338
Other	20,348	20,348
Total	<u>\$ 49,655</u>	<u>\$ 49,655</u>

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

	Governmental Activities			
	Balance July 1, 2022	Additions	Retirements and Transfers	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,909,500	\$ -	\$ -	\$ 16,909,500
Construction in Progress	3,025,572	1,340,463	(2,363,378)	2,002,657
Total Capital Assets not being depreciated	19,935,072	1,340,463	(2,363,378)	18,912,157
Capital Assets being depreciated:				
Land Improvements	9,616,390	1,353,724	-	10,970,114
Buildings and Improvements	171,381,204	3,378,413	-	174,759,617
Equipment	11,750,285	1,966,330	-	13,716,615
Total Capital Assets being depreciated	192,747,879	6,698,467	-	199,446,346
Less: Accumulated Depreciation:				
Land Improvements	(6,044,082)	(373,625)	-	(6,417,707)
Buildings and Improvements	(113,029,885)	(5,064,964)	-	(118,094,849)
Equipment	(7,169,692)	(560,023)	-	(7,729,715)
Total Accumulated Depreciation	(126,243,659)	(5,998,612)	-	(132,242,271)
Total Capital Assets being depreciated, net	66,504,220	699,855	-	67,204,075
Total Governmental Activities Capital Assets, net	\$ 86,439,292	\$ 2,040,318	\$ (2,363,378)	\$ 86,116,232
	Business-Type Activities			
	Balance July 1, 2022	Additions	Retirements and Transfers	Balance June 30, 2023
Business-Type Activities:				
Buildings	\$ 414,448	\$ -	\$ -	\$ 414,448
Construction in Progress	28,880	-	(28,880)	-
Equipment	938,647	317,113	(3,800)	1,251,960
Total Capital Assets being depreciated	1,381,975	317,113	(32,680)	1,666,408
Less: Accumulated Depreciation:				
Buildings	(103,016)	(20,722)		(123,738)
Equipment	(569,302)	(57,369)	3,040	(623,631)
Total Capital Assets being depreciated, net	(672,318)	(78,091)	3,040	(747,369)
Total Business-Type Activities Capital Assets, net	\$ 709,657	\$ 239,022	\$ (29,640)	\$ 919,039

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)**

Note 5. Capital Assets (Continued)

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

Governmental Activities

Instruction:

Regular Instruction	\$ 2,513,532
Special Education Instruction	800,414
Other Instruction	95,253

Support Services:

Tuition	182,313
Student & Instruction Related Services	782,261
General Administrative	108,716
School Administrative Services	257,561
Central Services	55,855
Administrative Info. Technology	34,398
Plant Operations & Maintenance	666,189
Pupil Transportation	502,120

Total Depreciation Expense - Governmental Activities	<u>\$ 5,998,612</u>
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Note 6. Interfund Receivables, Payables and Transfers

As of June 30, 2023 there were not interfund balances or transfers.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2023 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Balance Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 37,145,000	\$ -	\$ 5,080,000	\$ 32,065,000	\$ 5,295,000
Lease Obligations	258,117	-	117,091	141,026	120,791
Financed Purchases Payable	8,305,000	-	630,000	7,675,000	565,000
Unamortized Bond Premiums	5,235,762	-	735,426	4,500,336	735,426
Compensated Absences	4,340,518	176,953	70,990	4,446,481	-
Net Pension Liability	20,650,172	14,731,523	10,368,457	25,013,238	-
	<u>\$ 75,934,569</u>	<u>\$ 14,908,476</u>	<u>\$ 17,001,964</u>	<u>\$ 73,841,081</u>	<u>\$ 6,716,217</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, 2023 (Continued)

Note 7. Long-Term Obligations (Continued)

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	6,300,000	228,900	6,528,900
2029-2030	3,160,000	94,950	3,254,950
	<u>\$ 32,065,000</u>	<u>\$ 3,718,626</u>	<u>\$ 35,783,626</u>

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 141,026 at June 30, 2023. As a result of the leases, the School District has right to use leased assets with a net book value of \$191,682 at June 30, 2023. 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, 2023:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 120,791	\$ 4,456	\$ 125,247
2025	20,235	639	20,874
	<u>\$ 141,026</u>	<u>\$ 5,095</u>	<u>\$ 146,121</u>

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, 2023:

Fiscal Year Ending June 30,	<u>Total</u>
2024	\$ 819,810
2025	841,052
2026	860,966
2027	884,552
2028	906,644
2029-2033	4,894,222
Total Minimum Lease Payments	9,207,246
Less: Amount Representing Interest	(1,532,246)
Present Value of Minimum Lease Payments	<u>\$ 7,675,000</u>

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

Bonds Authorized but not Issued

As of June 30, 2023, the School District had no bonds authorized but not issued.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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 with 25 or more years of service credit before age 62 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 2022, 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, 2023 (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, 2023, the School District reported a liability of \$25,013,238 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022. The School District's proportion measured as of June 30, 2021, was 0.1657452344%, which was a decrease of 0.0085693175% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized full accrual pension credit of (\$3,335,369) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2022 measurement date. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 180,534	\$ 159,205
Changes of Assumptions	77,499	3,745,472
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,035,275	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	3,940,427
School District contributions subsequent to measurement date	2,132,042	-
	<u>\$ 3,425,350</u>	<u>\$ 7,845,104</u>

\$2,132,042 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2022-2023 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2024 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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, 2023 (Continued)

Note 8. Pension Plans (Continued)

Year Ending June 30,	
2024	\$ (2,933,696)
2025	(1,881,202)
2026	(1,321,177)
2027	374,919
2028	(790,640)
	<u>\$ (6,551,796)</u>

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the District as of June 30, 2023. At June 30, 2023, the State's proportionate share of the employer pension expense and related revenue, associated with the District, calculated by the plan as of the June 30, 2022 measurement date was \$52,629.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75 - 6.55% 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, 2018 - June 30, 2021

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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, 2022, 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	\$ 32,406,831	\$ 25,013,238	\$ 19,113,109

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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	\$ 1,660,772,008	\$ 1,164,738,169
Collective Deferred Inflows of Resources	3,236,303,935	8,339,123,762
Collective Net Pension Liability	15,219,184,920	11,972,782,878
School District's portion	0.16575%	0.17431%

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.

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, 2023 (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 2022, 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, 2023 was \$362,120,573. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.7018600125%, which was a decrease of 0.014664874% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized a pension expense in the amount of \$9,745,676 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, 2022 measurement date.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions –The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	
	2.75% - 5.65% 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, 2018 to June 30, 2021.

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, 2022) 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, 2022 are summarized in the following table:

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 424,594,067	\$ 362,120,573	\$ 309,494,504

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, 2023 and 2022:

	<u>6/30/2023</u>	<u>6/30/2022</u>
Collective Deferred Outflows of Resources	\$ 5,004,259,312	\$ 6,373,530,834
Collective Deferred Inflows of Resources	19,682,774,794	27,363,906
Collective Net Pension Liability	51,676,587,303	48,165,991,182
State's Proportionate Share associated with the District	0.70186%	0.71603%

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, 2023 (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, 2023, employee contributions totaled \$283,346 and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$206,187.

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, 2023 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on age

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 "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 "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, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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, 2022 was \$338,394,590. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2022, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State proportionate share of the OPEB Obligation attributable to the School District was 0.6681504891%, which was a decrease of 0.0062099791% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB expense in the amount of \$8,305,125 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, 2022 measurement date.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2022, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 397,747,245	\$ 338,394,590	\$ 290,826,405
State of New Jersey's Total Nonemployer OPEB Liability	\$ 59,529,589,697	\$ 50,646,462,966	\$ 43,527,080,995

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	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	\$ 279,703,812	\$ 338,394,590	\$ 415,488,491
State of New Jersey's Total Nonemployer OPEB Liability	\$ 41,862,397,291	\$ 50,646,462,966	\$ 62,184,866,635

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2021 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 9,042,402,619	\$ (15,462,950,679)
Change in Assumptions	8,765,620,577	(17,237,289,230)
Contributions Made in Fiscal Year Ending 6/30/2023 After Measurement Date	TBD	-
	<u>\$ 17,808,023,196</u>	<u>\$ (32,700,239,909)</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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,	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	(3,921,361,006)
	<u>\$ (14,892,216,713)</u>

** Employer Contributions made after June 30, 2022 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2021, the Program membership consisted of the following:

	June 30, 2021
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	151,669
	<u>364,817</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,770,618,025
Interest Cost	1,342,187,139
Difference Between Expected & Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Contributions: Member	42,650,252
Gross Benefit Payments	(1,329,476,059)
Net Change in Total OPEB Liability	(9,361,188,004)
Total OPEB Liability (Beginning)	60,007,650,970
Total OPEB Liability (Ending)	<u>\$ 50,646,462,966</u>
Total Covered Employee Payroll	\$ 14,753,335,408
Net OPEB Liability as a Percentage of Payroll	343%

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, 2023, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$28,943,412, \$7,603,365 and 10,270, respectively.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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. There were no significant reductions in insurance coverage from the prior year.

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	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance	
				Restricted Unemployment Fund Balance	Unemployment Trust Liability
2023	\$ 8,984	\$ 171,897	\$ 228,977	\$ 431,570	\$ 158,812
2022	642	163,011	-	422,586	215,892
2021	816	146,707	93,826	421,944	52,881

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, 2023 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, 2023 (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, 2023, the liability for compensated absences reported was \$4,446,481.

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, 2023 (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, 2023 was \$0.

Note 17. Fund Balances

General Fund – Of the \$15,146,500 General Fund fund balance at June 30, 2023, \$30,915 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; \$431,570 has been restricted for the Unemployment Reserve Account, \$5,078,890 has been assigned subsequent year's expenditures; \$4,239,941, has been assigned to other purposes; and \$2,506,863 has been unassigned.

Special Revenue Fund – Of the \$1,206,385 Special Revenue Fund fund balance at June 30, 2023, \$583,862 is restricted for Student Activities and \$622,523 is restricted for Scholarships.

Capital Projects Fund – Capital Projects Fund had \$0 fund balance at June 30, 2023.

Debt Service Fund – Of the \$315 Debt Service Fund fund balance at June 30, 2023, \$315 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 (\$32,204,800) at June 30, 2023. 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, 2023. 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, 2023 to various vendors, which are recorded in the General Fund as Fund Balance Assigned to Other Purposes in the amount of \$4,239,941.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023 (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, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</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	(191,682)
Subtotal	<u>(95,841)</u>	<u>-</u>	<u>95,841</u>	<u>(191,682)</u>
Right to Use Leased Assets, Net	<u>\$ 287,522</u>	<u>\$ -</u>	<u>\$ 95,841</u>	<u>\$ 191,681</u>

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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, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:					
Local Sources:					
Local Tax Levy	10-1210	\$ 152,782,231	\$ -	\$ 152,782,231	\$ -
Tuition From LEAs Within State	10-1320	600,000	-	600,000	521,668 (78,332)
Tuition From Other Sources	10-1340	200,000	-	200,000	446,651 246,651
Transportation Fees from Other LEA's	10-1420	1,000,000	-	1,000,000	828,352 (171,648)
Interest	10-1510	30,000	-	30,000	605,577 575,577
Interest on Capital Reserve Fund	10-1511	5,000	-	5,000	26,064 21,064
Interest on Maintenance Reserve	10-1512	100	-	100	- (100)
Revenue from Enterprise Activities	10-1750	165,000	-	165,000	170,453 5,453
Rents and Royalties	10-1910	20,000	-	20,000	79,469 59,469
Refund of Prior Year's Expenditures	10-1980	120,000	-	120,000	171,562 51,562
Miscellaneous	10-1990	25,000	-	25,000	3,789 (21,211)
Total Local Sources		154,947,331	-	154,947,331	155,635,816 688,485
State Sources:					
Categorical Transportation Aid	10-3121	3,160,000	-	3,160,000	3,160,000 -
Extraordinary Aid	10-3131	2,250,000	-	2,250,000	1,772,142 (477,858)
Categorical Special Education Aid	10-3132	7,019,398	-	7,019,398	7,019,398 -
Equalization Aid	10-3176	966,925	-	966,925	966,925 -
Categorical Security Aid	10-3177	861,307	-	861,307	861,307 -
Adjustment Aid	10-3178	1,522,808	-	1,522,808	1,522,808 -
Other Unrestricted State Aid	10-3190	-	-	-	221,036 221,036
Stabilization Aid	10-3246	-	1,970,000	1,970,000	2,187,769 217,769
Nonbudgeted:					
TPAF - Post Retirement Medical (Noncash Assistance)		-	-	-	7,603,365 7,603,365
TPAF - Pension Contributions (Noncash Assistance)		-	-	-	28,943,412 28,943,412
TPAF - Long-Term Disability Insurance (Noncash Assistance)		-	-	-	10,270 10,270
Reimbursed TPAF Social Security Contributions		-	-	-	6,098,526 6,098,526
Total State Sources		15,780,438	1,970,000	17,750,438	60,366,958 42,616,520
Federal Sources:					
Medicaid Reimbursement	10-4200	239,002	-	239,002	207,163 (31,839)
ARRA/SEMI Revenue	10-4210	-	-	-	18,974 18,974
FEMA	10-4220	-	-	-	536,057 536,057
Total Federal Sources		239,002	-	239,002	762,194 523,192
Total Revenues		170,966,771	1,970,000	172,936,771	216,764,968 43,828,197

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023**

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	11-110-100-101	2,992,628	(220,058)	2,772,570	-
Grades 1-5 - Salaries of Teachers	11-120-100-101	19,503,220	49,978	19,553,198	-
Grades 6-8 - Salaries of Teachers	11-130-100-101	13,378,708	140,651	13,519,359	-
Grades 9-12 - Salaries of Teachers	11-140-100-101	17,130,287	(483,173)	16,647,114	7,253
Regular Programs - Home Instruction:					
Salaries of Teachers	11-150-100-101	90,000	31,912	121,912	-
Purchased Professional - Educational Services	11-150-100-320	50,000	2,920	52,920	6,235
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11-190-100-106	1,955,520	462,703	2,418,223	14,437
Purchased Professional - Educational Services	11-190-100-320	2,850,870	(75,981)	2,774,889	-
Purchased Technical Services	11-190-100-340	400,433	139,200	539,633	53,505
Other Purchased Services	11-190-100-500	109,590	(58,867)	50,723	12,645
General Supplies	11-190-100-610	2,620,920	1,025,181	3,646,101	845,575
Textbooks	11-190-100-640	378,795	(3,697)	375,098	6,852
Total Regular Programs - Instruction		61,460,971	1,010,769	62,471,740	946,502
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	11-204-100-101	1,398,692	(74,752)	1,323,940	10,412
Other Salaries for Instruction	11-204-100-106	1,021,581	(126,329)	895,252	7,021
Purchased Professional - Educational Services	11-204-100-320	150,000	(105,843)	44,157	-
General Supplies	11-204-100-610	7,125	(1,309)	5,816	1,720
Total Learning and/or Language Disabilities		2,577,398	(308,233)	2,269,165	19,153
Behavioral Disabilities:					
Salaries of Teachers	11-209-100-101	803,690	(107,544)	696,146	-
Other Salaries for Instruction	11-209-100-106	457,559	(78,562)	378,997	4,148
Purchased Professional - Educational Services	11-209-100-320	65,000	(39,087)	25,913	-
General Supplies	11-209-100-610	6,451	(5,329)	1,122	112
Total Behavioral Disabilities		1,332,700	(230,522)	1,102,178	4,260

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Multiple Disabilities:					
Salaries of Teachers	11-212-100-101	593,192	(39,350)	553,842	548,214 5,628
Other Salaries for Instruction	11-212-100-106	780,012	148,055	928,067	920,794 7,273
Purchased Professional - Educational Services	11-212-100-320	40,000	45,327	85,327	-
General Supplies	11-212-100-610	8,000	(1,500)	6,500	4,863 1,637
Total Multiple Disabilities		1,421,204	152,532	1,573,736	1,559,198 14,538
Resource Room/Resource Center:					
Salaries of Teachers	11-213-100-101	10,718,985	(138,758)	10,580,227	10,580,227 -
Other Salaries	11-213-100-106	365,092	23,378	388,470	379,923 8,547
Purchased Professional - Educational Services	11-213-100-320	175,000	109,740	284,740	284,740 -
General Supplies	11-213-100-610	11,100	(5,685)	5,415	3,997 1,418
Total Resource Room/Resource Center		11,270,177	(11,325)	11,258,852	11,248,887 9,965
Autism:					
Salaries of Teachers	11-214-100-101	924,856	146,441	1,071,297	1,040,052 31,245
Other Salaries for Instruction	11-214-100-106	1,103,502	72,100	1,175,602	1,155,984 19,618
Purchased Professional - Educational Services	11-214-100-320	75,000	23,398	98,398	90,268 8,130
General Supplies	11-214-100-610	8,000	(2,410)	5,590	4,808 782
Total Autism		2,111,358	239,529	2,350,887	2,291,112 59,775
Preschool Disabilities - Full-Time:					
Salaries of Teachers	11-216-100-101	1,337,186	(136,638)	1,200,548	1,200,548 -
Other Salaries for Instruction	11-216-100-106	527,374	74,116	601,490	600,652 838
Purchased Professional - Educational Services	11-216-100-320	80,000	6,224	86,224	83,723 2,501
General Supplies	11-216-100-610	81,800	(71,269)	10,531	10,519 12
Total Preschool Disabilities - Full-Time		2,026,360	(127,567)	1,898,793	1,895,442 3,351
Home Instruction:					
Salaries of Teachers	11-219-100-101	50,000	102,458	152,458	152,458 -
Purchased Professional - Educational Services	11-219-100-320	65,000	(11,441)	53,559	37,405 16,154
Total Home Instruction		115,000	91,017	206,017	189,863 16,154
Total Special Education - Instruction		20,854,197	(194,569)	20,659,628	20,532,432 127,196

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
School-Sponsored Cocurricular/Extra Curricular Activities - Instruction: Salaries	11-401-100-100	617,000	(9,862)	607,138	568,045 39,093
Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction		617,000	(9,862)	607,138	568,045 39,093
School-Sponsored Athletics - Instruction: Salaries	11-402-100-100	1,207,975	44,259	1,252,234	1,252,234 -
Supplies and Materials	11-402-100-600	186,368	(12,798)	173,570	170,428 3,142
Other Objects	11-402-100-800	412,400	(126,036)	286,364	276,014 10,350
Total School-Sponsored Athletics - Instruction		1,806,743	(94,575)	1,712,168	1,698,676 13,492
Before/After School Programs - Instruction: Salaries of Teachers	11-421-100-100	105,000	(43,828)	61,172	61,172 -
Total Before/After School Programs - Instruction		105,000	(43,828)	61,172	61,172 -
Summer School - Instruction: Salaries of Teachers	11-422-100-100	157,500	(42,209)	115,291	115,291 -
General Supplies	11-422-100-610	500	-	500	281 219
Total Summer School - Instruction		158,000	(42,209)	115,791	115,572 219
Undistributed Expenditures - Instruction (Tuition): Tuition to Other LEAs Within State - Regular	11-000-100-561	50,000	(11,101)	38,899	35,182 3,717
Tuition to Other LEAs Within State - Special	11-000-100-562	441,000	(355,955)	85,045	85,037 8
Tuition to County Vocational School - Regular	11-000-100-563	1,012,411	(57,283)	955,128	950,563 4,565
Tuition to County Vocational School - Special	11-000-100-564	500,000	44,234	544,234	544,234 -
Tuition to County Special Services & Regular Day Schools	11-000-100-565	744,000	(182,551)	561,449	560,361 1,088
Tuition to Private School Disabled Within State	11-000-100-566	2,510,000	44,183	2,554,183	2,412,251 141,932
Tuition - Other	11-000-100-569	218,052	(128,945)	89,107	89,107 -
Total Undistributed Expenditures - Instruction (Tuition)		5,475,463	(647,418)	4,828,045	4,676,735 151,310
Undistributed Expenditures: Attendance and Social Work: Salaries	11-000-211-100	313,521	15,681	329,202	329,202 -
Other Objects	11-000-211-890	36,400	(23,976)	12,424	12,424 -
Total Undistributed Expenditures Attendance and Social Work		349,921	(8,295)	341,626	341,626 -

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	JUNE 30, 2023			VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL TO ACTUAL
Undistributed Expenditures - Health Services:				
Salaries	1,718,447	(95,613)	1,622,834	-
Purchased Professional & Technical Services	891,990	51,958	943,948	73,508
Other Purchased Services	2,000	(1,250)	750	-
Supplies and Materials	30,500	(13,467)	17,033	628
Other Objects	13,692	8,654	22,346	1,901
Total Undistributed Expenditures - Health Services	2,656,629	(49,718)	2,606,911	76,037
Undistributed Expenditures -				
Speech, OT, PT and Related Services:				
Salaries	1,667,509	(169,101)	1,498,408	4,109
Purchased Professional - Educational Services	2,250,000	(50,441)	2,199,559	-
Supplies and Materials	107,380	(89,463)	17,917	183
Total Undistributed Expenditures -	4,024,889	(309,005)	3,715,884	4,292
Speech, OT, PT and Related Services			3,711,592	
Undistributed Expenditures - Guidance:				
Salaries of Other Professional Staff	2,138,523	11	2,138,534	-
Salaries of Secretaries & Clerical Assistants	284,371	3,750	288,121	107
Purchased Professional - Educational Services	101,500	(45,052)	56,448	23,470
Other Objects	50,000	57,086	107,086	3,538
Total Undistributed Expenditures - Guidance	2,574,394	15,795	2,590,189	27,115
Undistributed Expenditures - Child Study Teams:				
Salaries of Other Professional Staff	4,827,848	5,202	4,833,050	63,220
Salaries of Secretaries & Clerical Assistants	397,164	3,062	400,226	-
Purchased Professional - Educational Services	1,219,944	(97,948)	1,121,996	40,605
Miscellaneous Purchased Services	11,500	(10,802)	698	6
Supplies and Materials	188,547	(57,500)	131,047	3,170
Total Undistributed Expenditures - Child Study Teams	6,645,003	(157,986)	6,487,017	107,001
Undistributed Expenditures - Improvement				
of Instruction Services:				
Salaries of Supervisors of Instruction	505,500	12,700	518,200	-
Supplies and Materials	16,700	(9,906)	6,794	2,203
Total Undistributed Expenditures - Improvement	522,200	2,794	524,994	2,203
of Instruction Services			522,791	

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Educational Media Services/Library: Salaries	11-000-222-100	454,535	23,406	477,941	-
Supplies and Materials	11-000-222-600	54,412	(17,253)	37,159	1,458
Total Undistributed Expenditures - Educational Media Services/Library		508,947	6,153	515,100	1,458
Undistributed Expenditures - Instructional Staff Training Services: Other Salaries	11-000-223-110	274,159	(147,368)	126,791	-
Purchased Professional - Educational Services	11-000-223-320	442,883	(23,074)	419,809	10,289
Other Purchased Services	11-000-223-580	94,397	(54,199)	40,198	9,257
Total Undistributed Expenditures - Instructional Staff Training Services		811,439	(224,641)	586,798	19,546
Undistributed Expenditures - Support Services - General Administration: Salaries	11-000-230-100	1,737,153	-	1,737,153	9,656
Unused Vacation Payment to Staff	11-000-230-199	30,000	(29,700)	300	300
Legal Services	11-000-230-331	415,654	(5,214)	410,440	22,000
Audit Fees	11-000-230-332	105,500	-	105,500	55,436
Architectural/Engineering Services	11-000-230-334	65,000	(44,000)	21,000	347
Other Purchased Professional Services	11-000-230-339	94,773	1,810	96,583	1,058
Purchased Technical Services	11-000-230-340	11,540	38,610	50,150	7,147
Communications/Telephone	11-000-230-530	333,713	(37,310)	296,403	4,502
Travel	11-000-230-580	4,750	-	4,750	1,000
BOE Other Purchased Professional Services	11-000-230-585	4,000	-	4,000	1,972
BOE In-House Training/Meeting Supplies	11-000-230-630	2,500	-	2,500	745
Judgements Against School District	11-000-230-820	-	105,000	105,000	-
Miscellaneous Expenditures	11-000-230-890	17,065	15,447	32,512	-
BOE Membership Dues and Fees	11-000-230-895	27,000	(308)	26,692	-
Total Undistributed Expenditures - Support Services - General Administration		2,848,648	44,335	2,892,983	104,163

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			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	4,604,941	(71,624)	4,533,317	4,170
Salaries of Other Professional Staff	11-000-240-104	170,841	102,571	273,412	-
Salaries of Secretaries & Clerical Assistants	11-000-240-105	1,815,896	(156,524)	1,659,372	-
Unused Vacation Payment to Staff	11-000-240-199	25,000	51,883	76,883	-
Purchased Professional & Technical Services	11-000-240-340	85,000	(39,840)	45,160	-
Other Objects	11-000-240-800	45,000	(10,000)	35,000	11,959
Total Undistributed Expenditures -		6,746,678	(123,534)	6,623,144	16,129
Support Services - School Administration					
Undistributed Expenditures - Central Services:					
Salaries	11-000-251-100	1,312,289	(34,123)	1,278,166	-
Unused Vacation Payment to Staff	11-000-251-199	15,000	-	15,000	15,000
Purchased Technical Services	11-000-251-340	144,085	(37,712)	106,373	925
Travel	11-000-251-580	6,000	-	6,000	1,984
Miscellaneous Purchased Services	11-000-251-592	15,000	3,283	18,283	-
Supplies and Materials	11-000-251-600	26,752	(1,227)	25,525	3,595
Other Objects	11-000-251-890	10,130	(1,313)	8,817	3,856
Total Undistributed Expenditures - Central Services		1,529,256	(71,092)	1,458,164	25,360
Undistributed Expenditures -					
Administrative Information Technology:					
Salaries	11-000-252-100	719,613	77,916	797,529	-
Unused Vacation Payment to Staff	11-000-252-199	5,000	(1,003)	3,997	3,997
Purchased Technical Services	11-000-252-340	100,962	(21,271)	79,691	-
Travel	11-000-252-580	4,500	768	5,268	-
Total Undistributed Expenditures -		830,075	56,410	886,485	3,997
Administrative Information Technology					

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	11-000-261-100	2,383,584	66,136	2,449,720	-
Unused Vacation Payment to Staff	11-000-261-199	20,000	(1,600)	18,400	9,077
Cleaning, Repair & Maintenance Services	11-000-261-420	1,297,462	(227,582)	1,069,880	102,475
General Supplies	11-000-261-610	524,829	29,400	554,229	64,258
Other Objects	11-000-261-800	3,600	600	4,200	339
Total Undistributed Expenditures - Required Maintenance for School Facilities		4,229,475	(133,046)	4,096,429	176,149
Undistributed Expenditures - Custodial Services:					
Salaries	11-000-262-100	3,671,650	228,771	3,900,421	-
Salaries of Non-Instructional Aids	11-000-262-107	215,100	(215,100)	-	-
Unused Vacation Payment to Staff	11-000-262-199	20,000	-	20,000	2,166
Purchased Professional & Technical Services	11-000-262-300	27,495	(3,400)	24,095	24,095
Cleaning, Repair & Maintenance Services	11-000-262-420	171,758	48,578	220,336	5,338
Lease Purchase Payment - ESIP	11-000-262-444	905,726	-	905,726	-
Other Purchased Property Services	11-000-262-490	250,000	67,465	317,465	28,347
Insurance	11-000-262-520	1,460,383	(7,410)	1,452,973	-
Travel	11-000-262-580	2,000	-	2,000	1,313
General Supplies	11-000-262-610	584,404	(91,097)	493,307	14,579
Energy (Natural Gas)	11-000-262-621	643,046	276,141	919,187	-
Energy (Electricity)	11-000-262-622	1,300,754	343,343	1,644,097	79,034
Energy (Gasoline)	11-000-262-626	75,000	19,655	94,655	-
Other Objects	11-000-262-800	16,425	28,500	44,925	5,344
Total Undistributed Expenditures - Custodial Services		9,343,741	695,446	10,039,187	160,216
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	11-000-263-100	531,489	(158,200)	373,289	-
Cleaning, Repair & Maintenance Services	11-000-263-420	278,191	105,356	383,547	4,542
General Supplies	11-000-263-610	144,875	(63,640)	81,235	6,020
Total Undistributed Expenditures - Care and Upkeep of Grounds		954,555	(116,484)	838,071	10,562

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Security:					
Salaries	11-000-266-100	1,081,865	80,442	1,162,307	21,934
Purchased Professional and Technical Services	11-000-266-300	45,000	1,259,157	1,304,157	44,551
Cleaning, Repair & Maintenance	11-000-266-420	28,049	(16,500)	11,549	730
Travel	11-000-266-580	-	1,449	1,449	-
General Supplies	11-000-266-610	70,873	(17,751)	53,122	2,879
Other Objects	11-000-266-800	1,000	(425)	575	575
Total Security		1,226,787	1,306,372	2,533,159	70,669
Undistributed Expenditures -					
Student Transportation Services:					
Salaries of Pupil Transportation (Between Home & School) - Regular	11-000-270-160	223,525	3,311	226,836	-
Contract Services - Aid in Lieu Payments - Non Public Schools	11-000-270-503	460,000	(46,217)	413,783	1,533
Contract Services (Between Home & School) - Vendors	11-000-270-511	3,262,939	1,205,362	4,468,301	13,322
Contract Services (Other Than Between Home & School) - Vendors	11-000-270-512	570,000	(79,532)	490,468	375
Contract Services (Between Home & School) - Joint Agreement	11-000-270-513	1,000,000	73,960	1,073,960	-
Contract Services (Special Education) - Vendors	11-000-270-514	7,541,225	(1,269,807)	6,271,418	113,593
Miscellaneous Purchased Services - Transportation	11-000-270-593	-	41,068	41,068	-
General Supplies	11-000-270-610	1,200	(333)	867	-
Miscellaneous Expenditures	11-000-270-800	200	4,800	5,000	-
Other Objects	11-000-270-890	23,500	(3,549)	19,951	-
Total Undistributed Expenditures -		13,082,589	(70,937)	13,011,652	128,823
Student Transportation Services					
Unallocated Benefits:					
Social Security Contributions	11-000-291-220	1,800,000	68,625	1,868,625	-
TPAF Contributions - ERIP	11-000-291-232	-	3,725	3,725	-
Other Retirement Contributions - PERS	11-000-291-241	2,225,000	55,249	2,280,249	5,674
Workmen's Compensation	11-000-291-260	1,100,000	(164,915)	935,085	-
Health Benefits	11-000-291-270	20,300,281	32,434	20,332,715	600
Tuition Reimbursement	11-000-291-280	70,000	(33,873)	36,127	-
Other Employee Benefits	11-000-291-290	22,500	(9,894)	12,606	-
Unused Sick Payment to Staff	11-000-291-299	180,000	(360)	179,640	-
Total Unallocated Benefits		25,697,781	(49,009)	25,648,772	6,274

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Nonbudgeted:					
TPAF - Post Retirement Medical (Noncash Assistance)		-	-	7,603,365	(7,603,365)
TPAF - Pension Contributions (Noncash Assistance)		-	-	28,943,412	(28,943,412)
TPAF - Long-Term Disability Insurance (Noncash Assistance)		-	-	10,270	(10,270)
Reimbursed TPAF Social Security Contributions		-	-	6,098,526	(6,098,526)
Total Undistributed Expenditures		90,058,470	166,140	90,224,610	(41,564,269)
Total Expenditures - Current Expense		175,060,381	791,866	175,852,247	(40,437,767)
Equipment:					
Grades 1-5	12-120-100-730	16,400	(14,233)	2,167	-
Grades 9-12	12-140-100-730	2,600	(2,600)	-	-
Multiple Disabilities	12-212-100-730	25,000	(14,900)	10,100	-
Undistributed Expenditures:					
Undist. Exp. - Care & Upkeep of Grounds	12-000-263-730	-	39,978	39,978	-
Non-Instructional Services	12-000-300-730	684,936	624,856	1,309,792	261,939
Total Equipment		728,936	633,101	1,362,037	314,184
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	12-000-400-334	6,300	-	6,300	-
Construction Services	12-000-400-450	3,206,785	404,166	3,610,951	2,276,788
Assessment for Debt Service on SDA Funding	12-000-400-896	27,200	-	27,200	-
Total Facilities Acquisition & Construction Services		3,240,285	404,166	3,644,451	2,276,788
Total Capital Outlay		3,969,221	1,037,267	5,006,488	3,324,641
Total Expenditures		179,029,602	1,829,133	180,858,735	(37,113,126)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(8,062,831)	140,867	(7,921,964)	6,715,071
Other Financing Sources/(Uses):					
Transfers In/(Out):					
Transfer of Funds to Charter Schools		(33,089)	(140,867)	(173,956)	-
Total Other Financing Sources/(Uses)		(33,089)	(140,867)	(173,956)	-

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

ACCOUNT NUMBERS	JUNE 30, 2023			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(8,095,920)	-	(8,095,920)	6,715,071
Fund Balances, July 1	17,853,038	-	17,853,038	-
Fund Balances, June 30	<u>\$ 9,757,118</u>	<u>\$ -</u>	<u>\$ 9,757,118</u>	<u>\$ 6,715,071</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 30,915
Maintenance Reserve	569,081
Legal Reserve	2,289,240
Reserve for Unemployment Claims	431,570
Assigned Fund Balance:	
Year-End Encumbrances	4,239,941
Designated for Subsequent Year's Expenditures	5,078,890
Unassigned Fund Balance	<u>3,834,966</u>
Subtotal	16,474,603
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not recognized on GAAP basis	<u>(1,328,103)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 15,146,500</u>

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023**

	JUNE 30, 2023				VARIANCE FINAL TO ACTUAL (OVER)/ UNDER
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources	\$ 105,000	\$ 1,086,455	\$ 1,191,455	\$ 1,102,486	\$ 88,969
State Sources	1,387,906	295,465	1,683,371	1,666,474	16,897
Federal Sources	3,467,311	6,155,431	9,622,742	8,594,072	1,028,670
Total Revenues	4,960,217	7,537,351	12,497,568	11,363,032	1,134,536
Expenditures:					
Instruction:					
Salaries of Teachers	480,396	551,548	1,031,944	943,555	88,389
Other Salaries for Instruction	11,981	(87)	11,894	11,893	1
Purchased Professional - Educational Services	188,015	(48,165)	139,850	100,873	38,977
Other Purchased Services (400-500 Series)	2,778,296	(142,162)	2,636,134	2,636,134	-
General Supplies	99,654	941,363	1,041,017	922,626	118,391
Textbooks	-	141,702	141,702	136,967	4,735
Other Objects	-	39,867	39,867	8,529	31,338
Total Instruction	3,558,342	1,484,066	5,042,408	4,760,577	281,831
Support Services:					
Salaries of Other Professional Staff	144,887	-	144,887	31,971	112,916
Personal Services - Employee Benefits	165,296	254,582	419,878	414,795	5,083
Purchased Educational Services	302,407	1,484,343	1,786,750	1,274,019	512,731
Other Purchased Services (400-500 Series)	166,904	(144,834)	22,070	8,740	13,330
Supplies and Materials	-	11,851	11,851	1,794	10,057
Student Activities	100,000	891,807	991,807	991,807	-
Scholarships Awarded	5,000	56,398	61,398	61,398	-
Other Objects	-	1,200	1,200	-	1,200
Total Support Services	884,494	2,555,347	3,439,841	2,935,904	503,937
Facilities Acquisition & Construction Services:					
Instructional Equipment	474,058	187,837	661,895	661,206	689
Noninstructional Equipment	43,323	3,272,167	3,315,490	2,967,411	348,079
Total Facilities Acquisition & Construction Services	517,381	3,460,004	3,977,385	3,628,617	348,768
Total Expenditures	4,960,217	7,499,417	12,459,634	11,325,098	1,134,536
Total Outflows	4,960,217	7,499,417	12,459,634	11,325,098	1,134,536
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	37,934	37,934	37,934	-
Fund Balance, July 1	1,168,451	-	1,168,451	1,168,451	-
Fund Balance, June 30	\$ 1,168,451	\$ 37,934	\$ 1,206,385	\$ 1,206,385	\$ -

RECAPITULATION OF FUND BALANCE

Restricted:		
Student Activities	\$ 583,862	
Scholarships	622,523	
	<u>\$ 1,206,385</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, 2023**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 216,764,968	\$ 11,363,032
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	-	(2,725,671)
Prior Year	-	743,708
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	(1,328,103)	-
Prior Year	1,432,387	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 216,869,252</u>	<u>\$ 9,381,069</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 217,969,447	\$ 11,325,098
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.	-	(1,981,963)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 217,969,447</u>	<u>\$ 9,343,135</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.1657452340%	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	\$ 25,013,238	\$ 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	\$ 12,328,712	\$ 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	202.89%	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	62.91%	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).

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 2,090,127	\$ 2,041,426	\$ 1,975,268	\$ 1,975,268	\$ 1,929,158	\$ 1,871,176	\$ 1,798,476	\$ 1,822,513	\$ 1,821,579	\$ 1,536,107
Contributions in relation to the contractually required contribution	(2,090,127)	(2,041,426)	(1,975,268)	(1,975,268)	(1,929,158)	(1,871,176)	(1,798,476)	(1,822,513)	(1,821,579)	(1,536,107)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 10,959,675	\$ 12,328,712	\$ 10,942,212	\$ 12,767,297	\$ 13,642,196	\$ 14,319,355	\$ 14,315,456	\$ 14,296,606	\$ 14,212,560	\$ 14,206,452
Contributions as a percentage of covered payroll	19.07%	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 TEN FISCAL YEARS

	2023	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%	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	\$ 362,120,573	\$ 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
	\$ 362,120,573	\$ 464,149,588	\$ 442,517,677	\$ 460,423,875	\$ 474,762,052	\$ 569,821,881	\$ 458,004,352	\$ 382,394,370	\$ 382,394,370	\$ 359,346,441
School District's covered payroll	\$ 82,425,413	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	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).

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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 SIX FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
District's Total OPEB Liability						
Service Cost	\$ 16,855,594	\$ 20,084,092	\$ 11,385,526	\$ 10,767,153	\$ 11,936,407	\$ 14,401,144
Interest Cost	8,967,830	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	7,278,608	(80,569,514)	76,471,819	(47,989,110)	(26,595,364)	-
Changes of Assumptions	(90,777,385)	399,236	84,517,198	4,290,954	(36,352,130)	(47,115,916)
Contributions: Member	284,968	268,370	244,147	261,872	292,757	309,344
Gross Benefit Payments	(8,882,901)	(8,269,098)	(8,055,017)	(8,834,256)	(8,470,593)	(8,400,955)
Net Change in District's Total OPEB Liability	(66,273,286)	(58,020,123)	174,899,258	(28,991,600)	(45,921,954)	(29,337,317)
District's Total OPEB Liability (Beginning)	462,687,999	462,687,999	287,788,741	316,780,341	362,702,295	392,039,612
District's Total OPEB Liability (Ending)	\$ 396,414,713	\$ 404,667,876	\$ 462,687,999	\$ 287,788,741	\$ 316,780,341	\$ 362,702,295
District's Covered Employee Payroll	\$ 97,246,763	\$ 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	408%	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>
2022	7.00%	2019	6.85%	2016	5.55%
2021	7.00%	2018	6.51%	2015	5.79%
2020	7.00%	2017	6.14%	2014	6.32%

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>
2022	7.00%	2019	7.00%	2016	7.65%
2021	7.30%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%

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, 2022 measurement date includes three changes to the plan provisions, only one of which had an impact on the Total Pension Liability. Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

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>
2022	7.00%	2019	6.28%	2016	3.98%
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%

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>
2022	7.00%	2019	7.00%	2016	7.65%
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%

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

The increase in benefit terms from June 30, 2021 to June 30, 2022 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

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>
2022	3.54%	2019	3.50%	2016	2.85%
2021	2.16%	2018	3.87%		
2020	2.21%	2017	3.58%		

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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, 2023**

	Title I	Title I SIA	Title IIA	Title III	Title IV	I.D.E.A - Basic	I.D.E.A - Preschool
Revenues:							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-
Federal Sources	373,963	19,536	140,575	17,257	45,871	2,785,898	95,737
Total Revenues	\$ 373,963	\$ 19,536	\$ 140,575	\$ 17,257	\$ 45,871	\$ 2,785,898	\$ 95,737
Expenditures:							
Instruction:							
Salaries of Teachers	\$ 230,605	\$ 12,850	\$ 70,036	\$ -	\$ -	\$ 70,763	\$ -
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	2,418,353	38,071
General Supplies	11,981	-	-	15,806	45,871	-	57,666
Textbooks	-	-	-	-	-	-	-
Other Objects	5,189	-	-	-	-	-	-
Total Instruction	247,775	12,850	70,036	15,806	45,871	2,489,116	95,737
Support Services:							
Salaries of Other Professional Staff	-	-	-	-	-	-	-
Personal Services - Employee Benefits	122,059	6,686	36,541	-	-	37,070	-
Purchased Educational Services	4,129	-	26,558	-	-	259,712	-
Other Purchased Services (400-500 Series)	-	-	7,440	1,300	-	-	-
Supplies and Materials	-	-	-	151	-	-	-
Student Activities	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total Support Services	126,188	6,686	70,539	1,451	-	296,782	-
Facilities Acquisition & Construction Services:							
Noninstructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-	-	-
Total Expenditures	\$ 373,963	\$ 19,536	\$ 140,575	\$ 17,257	\$ 45,871	\$ 2,785,898	\$ 95,737
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, 2023**

	Non Public Ch. 192 Auxiliary	Non Public Textbook	Non Public Nursing	Non Public Security Aid	Non Public Ch. 193 Handicapped	Non Public Technology Initiative	Climate Change
Revenues:							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	218,595	136,967	240,170	440,266	315,946	86,930	6,660
Federal Sources	-	-	-	-	-	-	-
Total Revenues	<u>\$ 218,595</u>	<u>\$ 136,967</u>	<u>\$ 240,170</u>	<u>\$ 440,266</u>	<u>\$ 315,946</u>	<u>\$ 86,930</u>	<u>\$ 6,660</u>
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-
General Supplies	218,595	-	240,170	-	315,946	-	6,660
Textbooks	-	136,967	-	-	-	-	-
Total Instruction	<u>218,595</u>	<u>136,967</u>	<u>240,170</u>	<u>-</u>	<u>315,946</u>	<u>-</u>	<u>6,660</u>
Support Services:							
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	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition & Construction Services:							
Instructional Equipment	-	-	-	440,266	-	-	-
Noninstructional Equipment	-	-	-	-	-	86,930	-
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,266</u>	<u>-</u>	<u>86,930</u>	<u>-</u>
Total Expenditures	<u>\$ 218,595</u>	<u>\$ 136,967</u>	<u>\$ 240,170</u>	<u>\$ 440,266</u>	<u>\$ 315,946</u>	<u>\$ 86,930</u>	<u>\$ 6,660</u>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	CRRSA II	CRRSA Learning Acceleration Program	CRRSA Mental Health	ACSERS	ARP ESSER III	ARP Accelerated Learning	ARP Evidence Based LEA	ARP Evidence Beyond School
Revenues:								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-	-
Federal Sources	613,797	45,843	13,977	525,498	3,300,384	520,674	11,910	16,576
Total Revenues	\$ 613,797	\$ 45,843	\$ 13,977	\$ 525,498	\$ 3,300,384	\$ 520,674	\$ 11,910	\$ 16,576
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 401,358	\$ 10,661	\$ -	\$ 128,010	\$ -	\$ -	\$ 2,696	\$ 16,576
Other Salaries for Instruction	-	-	-	11,893	-	-	-	-
Purchased Professional - Educational Services	-	28,852	-	72,021	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	162,194	-	-	-	-
General Supplies	-	-	-	-	-	-	9,214	-
Textbooks	-	-	-	-	-	-	-	-
Total Instruction	401,358	39,513	-	374,118	-	-	11,910	16,576
Support Services:								
Salaries of Other Professional Staff	-	-	-	-	-	26,234	-	-
Personal Services - Employee Benefits	212,439	-	-	-	-	-	-	-
Purchased Educational Services	-	4,800	13,890	-	470,490	494,440	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-	-
Transportation	-	-	-	151,380	-	-	-	-
Supplies and Materials	-	1,530	87	-	-	-	-	-
Student Activities	-	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-	-
Total Support Services	212,439	6,330	13,977	151,380	470,490	520,674	-	-
Facilities Acquisition & Construction Services:								
Instructional Equipment	-	-	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	2,829,894	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	2,829,894	-	-	-
Total Expenditures	\$ 613,797	\$ 45,843	\$ 13,977	\$ 525,498	\$ 3,300,384	\$ 520,674	\$ 11,910	\$ 16,576
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, 2023

	ARP NJTSS	ARP IDEA Basic	ARP Homeless Children	Student Activities	Scholarship	Local Grants	SDA Emergency Grant	Totals
Revenues:								
Local Sources	\$ -	\$ -	\$ -	\$ 1,020,322	\$ 70,817	\$ 11,347	\$ -	\$ 1,102,486
State Sources	-	-	-	-	-	-	220,940	1,666,474
Federal Sources	5,737	17,516	43,323	-	-	-	-	8,594,072
Total Revenues	\$ 5,737	\$ 17,516	\$ 43,323	\$ 1,020,322	\$ 70,817	\$ 11,347	\$ 220,940	\$ 11,363,032
Expenditures:								
Instruction:								
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 943,555
Other Salaries for Instruction	-	-	-	-	-	-	-	11,893
Purchased Professional - Educational Services	-	-	-	-	-	-	-	100,873
Other Purchased Services (400-500 Series)	-	17,516	-	-	-	-	-	2,636,134
General Supplies	-	-	-	-	-	717	-	922,626
Textbooks	-	-	-	-	-	-	-	136,967
Other Objects	-	-	-	-	-	3,340	-	8,529
Total Instruction	-	17,516	-	-	-	4,057	-	4,760,577
Support Services:								
Salaries of Other Professional Staff	5,737	-	-	-	-	-	-	31,971
Personal Services - Employee Benefits	-	-	-	-	-	-	-	414,795
Purchased Educational Services	-	-	-	-	-	-	-	1,274,019
Other Purchased Services (400-500 Series)	-	-	-	-	-	-	-	8,740
Transportation	-	-	-	-	-	-	-	151,380
Supplies and Materials	-	-	-	-	-	26	-	1,794
Student Activities	-	-	-	991,807	-	-	-	991,807
Scholarships Awarded	-	-	-	-	61,398	-	-	61,398
Other Objects	-	-	-	-	-	-	-	-
Total Support Services	5,737	-	-	991,807	61,398	26	-	2,935,904
Facilities Acquisition & Construction Services:								
Instructional Equipment	-	-	-	-	-	-	220,940	661,206
Noninstructional Equipment	-	-	43,323	-	-	7,264	-	2,967,411
Total Facilities Acquisition & Construction Services	-	-	43,323	-	-	7,264	220,940	3,628,617
Total Expenditures	\$ 5,737	\$ 17,516	\$ 43,323	\$ 991,807	\$ 61,398	\$ 11,347	\$ 220,940	\$ 11,325,098
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	28,515	9,419	-	-	37,934
Fund Balance, July 1	-	-	-	555,347	613,104	-	-	1,168,451
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 583,862	\$ 622,523	\$ -	\$ -	\$ 1,206,385

F. Capital Projects Fund

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2023**

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2023</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Roofing Replacement Project	5/27/2014	\$ 17,333,839	\$ 17,333,044	\$ 795	\$ -
Total		\$ 17,333,839	\$ 17,333,044	\$ 795	\$ -

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023**

Expenditures and Other Financing Uses:	
Other Purchased Professional and Technical Services	\$ 795
	<hr/>
Total Expenditures and Other Financing Uses	795
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources	
Over (Under) Expenditures and Other Financing Uses	(795)
	<hr/>
Fund Balance, July 1	795
	<hr/>
Fund Balance, June 30	\$ -
	<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, 2023**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 7,173,895	\$ -	\$ 7,173,895	\$ 7,173,895
Bond Proceeds	10,159,944	-	10,159,944	10,159,944
Total Revenues and Other Financing Sources	17,333,839	-	17,333,839	17,333,839
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	768,593	795	769,388	769,388
Construction Services	14,553,116	-	14,553,116	16,564,451
Cancellation of Project	2,011,335	-	2,011,335	-
Total Expenditures and Other Financing Uses	17,333,044	795	17,333,839	17,333,839
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 795	\$ (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, 2023

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2022	RETIRED	BALANCE JUNE 30, 2023
			DATE	AMOUNT				
Buildings, Alterations & Renovations (Refunding Issue - 2020)	06/25/20	\$ 24,240,000	8/1/2023	3,290,000	5.000%	\$ 21,235,000	\$ 3,150,000	\$ 18,085,000
			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	8/1/2023	685,000	2.500%	4,400,000	650,000	3,750,000
			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	8/1/2023	1,320,000	2.250%	11,510,000	1,280,000	10,230,000
			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						\$ 37,145,000	\$ 5,080,000	\$ 32,065,000

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES AND FINANCED PURCHASES
YEAR ENDED JUNE 30, 2023

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	INTEREST	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2022	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2023
ESIP Lease	3/20/2018	15 Years	\$ 11,200,000	\$ 3,141,171	3.32%	\$ 8,305,000	\$ -	\$ 630,000	\$ 7,675,000
						\$ 8,305,000	\$ -	\$ 630,000	\$ 7,675,000
Copier Lease	9/28/2019	15 Years	570,934	55,301	3.16%	\$ 258,117	\$ -	\$ 117,091	\$ 141,026
					Total	\$ 258,117	\$ -	\$ 117,091	\$ 141,026

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023**

	JUNE 30, 2023			VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL TO ACTUAL
Revenues:				
Local Sources:				
Local Tax Levy	\$ 5,190,448	\$ -	\$ 5,190,448	\$ -
State Sources:				
Debt Service Aid Type II	1,260,549	-	1,260,549	-
Total Revenues	6,450,997	-	6,450,997	-
Expenditures:				
Regular Debt Service:				
Interest	1,398,918	-	1,398,918	-
Redemption of Principal	5,080,000	-	5,080,000	-
Total Regular Debt Service	6,478,918	-	6,478,918	-
Total Expenditures	6,478,918	-	6,478,918	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(27,921)	-	(27,921)	-
Fund Balance, July 1,	28,236	-	28,236	-
Fund Balance, June 30,	\$ 315	\$ -	\$ 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)

	FISCAL YEAR ENDING JUNE 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 51,170,672	\$ 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
Restricted	4,527,506	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
Unrestricted (Deficit)	(32,204,800)	(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)
Total Governmental Activities										
Net Position	\$ 23,493,378	\$ 7,609,159	\$ 6,221,347	\$ (6,320,593)	\$ (12,729,733)	\$ (15,419,898)	\$ (13,275,239)	\$ (11,492,551)	\$ (11,780,711)	\$ 50,274,303
Business-Type Activities:										
Net Investment in Capital Assets	\$ 919,039	\$ 709,657	\$ 668,386	\$ 720,443	\$ 782,212	\$ 847,311	\$ 649,851	\$ 496,320	\$ 530,506	\$ 422,012
Unrestricted (Deficit)	1,121,753	690,938	(96,459)	(127,043)	(119,123)	(237,027)	20,501	79,792	-	-
Total Business-Type Activities										
Net Assets	\$ 2,040,792	\$ 1,400,595	\$ 571,927	\$ 593,400	\$ 663,089	\$ 610,284	\$ 670,352	\$ 576,112	\$ 530,506	\$ 422,012
District-Wide:										
Net Investment in Capital Assets	\$ 52,089,711	\$ 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
Restricted	4,527,506	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
Unrestricted (Deficit)	(31,083,047)	(44,632,341)	(39,813,224)	(45,642,348)	(47,715,265)	(48,710,825)	(46,093,897)	(43,295,385)	(42,201,258)	(501,515)
Total District Net Position	\$ 25,534,170	\$ 9,009,754	\$ 6,793,374	\$ (5,727,193)	\$ (12,066,644)	\$ (12,045,278)	\$ (12,604,888)	\$ (10,916,439)	\$ (11,250,205)	\$ 50,431,989

Source: ACFR Schedule A-1

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 115,567,167	\$ 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
Special Education	36,898,296	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
Other Instruction	4,391,086	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
Support Services:										
Tuition	6,118,812	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
Attendance & Social Work Services	-	-	-	-	-	-	-	200,015	32,087	66,383
Health Services	-	-	-	-	-	-	-	2,578,284	3,447,238	3,329,827
Student & Instruction Related Services	26,254,387	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
Educational Media Services/School Library	-	-	-	-	-	-	-	484,439	683,348	502,571
Instructional Staff Training	-	-	-	-	-	-	-	361,975	661,419	777,654
Other Administrative Services	3,648,756	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
Central Services	1,874,611	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
Administration Information Technology Services	1,154,465	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
School Administrative Services	8,644,297	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
Plant Operations & Maintenance	20,757,772	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
Pupil Transportation	16,852,248	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
Transfer to Charter School	173,956	-	-	-	-	-	-	-	-	-
Interest & Other Charges	1,376,455	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
Unallocated Benefits	-	-	-	-	-	-	-	64,951,941	-	-
Total Governmental Activities Expenses	243,712,308	240,427,356	223,881,112	207,731,294	216,660,603	230,553,358	188,202,955	203,654,269	193,147,621	171,290,298
Business-Type Activities:										
Food Service	2,559,633	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
Total Business-Type Activities Expense	2,559,633	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
Total District Expenses	\$ 246,271,941	\$ 244,377,168	\$ 225,340,636	\$ 209,706,454	\$ 219,190,543	\$ 233,468,669	\$ 190,799,259	\$ 206,168,208	\$ 195,678,403	\$ 173,613,212
Program Revenues:										
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	3,218,099
Operating Grants & Contributions	69,467,384	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
Total Governmental Activities Program Revenues	69,467,384	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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
FISCAL YEAR ENDING JUNE 30,										
Business-Type Activities:										
Charges for Services:										
Food Service	1,915,791	65,608	121	1,365,933	1,968,341	2,109,671	2,000,770	1,876,792	1,836,651	1,638,063
Operating Grants & Contributions	1,284,039	4,712,872	1,437,930	539,538	614,405	745,573	689,773	682,802	607,731	539,246
Total Business Type Activities	3,199,830	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
Program Revenues										
	\$ 72,667,214	\$ 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
Total District Program Revenues										
	\$ (174,244,924)	\$ (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)
Net (Expense)/Revenue:	640,197	828,668	(21,473)	(69,689)	52,806	(60,067)	94,239	45,655	(86,400)	(145,605)
Governmental Activities										
Business-Type Activities										
	\$ (173,604,727)	\$ (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)
Total District-Wide Net Expense										
	\$ (173,604,727)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General										
Purposes, Net	\$ 152,782,231	\$ 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
Taxes Levied for Debt Service	5,190,448	4,709,954	5,642,206	5,629,536	5,634,050	5,634,022	5,636,686	5,649,644	4,080,945	3,677,710
Grants & Contributions	23,467,029	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
Tuition Received	968,319	1,019,001	541,805	661,808	675,538	617,093	628,344	232,050	400,795	148,950
Miscellaneous Income	1,907,579	1,472,588	1,383,917	900,607	504,435	216,976	110,735	237,259	296,972	452,912
Transfers In/Out	-	-	-	-	-	-	-	-	(212,238)	(300,277)
Increase in Capital Reserve	-	-	-	-	-	-	-	505,918	-	-
Cancellation of Prior Year AR	-	-	-	-	-	(2,341,783)	-	-	-	-
Changes in IBNR/Miscellaneous	-	-	-	-	-	-	-	-	-	(25,108)
Total Governmental Activities	184,315,606	176,268,853	175,611,548	171,198,879	168,757,538	164,604,901	161,829,628	157,333,057	152,419,562	162,631,494
Business-Type Activities:										
Transfers In/Out	-	-	-	-	-	-	-	-	212,238	300,277
Investment Earnings	-	-	-	-	-	-	-	(49)	(17,344)	210,181
Total Business-Type Activities	-	-	-	-	-	-	-	(49)	194,894	510,458
Total District-Wide	\$ 184,315,606	\$ 176,268,853	\$ 175,611,548	\$ 171,198,879	\$ 168,757,538	\$ 164,604,901	\$ 161,829,628	\$ 157,333,008	\$ 163,326,135	\$ 160,138,706
Change in Net Position:										
Governmental Activities	\$ 10,070,682	\$ 7,614,159	\$ 10,948,964	\$ 6,409,141	\$ 2,690,164	\$ (2,144,658)	\$ (1,782,688)	\$ 288,160	\$ (2,963,531)	\$ 312,127
Business-Type Activities	640,197	828,668	(21,473)	(69,689)	52,806	(60,067)	94,239	45,606	108,494	364,853
Total District	\$ 10,710,879	\$ 8,442,827	\$ 10,927,491	\$ 6,339,452	\$ 2,742,970	\$ (2,204,725)	\$ (1,688,449)	\$ 333,766	\$ (2,855,037)	\$ 676,980

Source: ACFR Schedule A-2

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted	\$ 3,320,806	\$ 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
Committed	-	2,886,319	-	-	-	-	-	1,200,642	59,114	55,152
Assigned	9,318,831	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
Unassigned	2,506,863	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
Total General Fund	\$ 15,146,500	\$ 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
All Other Governmental Funds:										
Restricted										
Debt Service Fund	\$ 315	\$ 28,236	\$ 698,305	\$ 26,594	\$ 27,897	\$ 8,643	\$ 8,643	\$ 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	1,206,385	1,168,451	1,155,188	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 1,206,700	\$ 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

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)

	<u>2023</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>
Revenues										
Tax Levy	\$ 157,972,679	\$ 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
Tuition Charges	968,319	1,019,011	541,805	661,808	675,538	617,093	628,344	232,050	400,795	148,950
Miscellaneous	2,997,571	2,572,576	1,427,181	1,017,242	693,314	249,345	193,229	423,031	423,803	527,863
State Sources	63,628,776	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
Federal Sources	7,133,973	6,752,964	4,526,939	3,735,849	3,517,897	3,883,305	3,728,006	3,537,076	3,303,272	3,321,341
Total Revenues	232,701,318	226,897,483	214,360,261	203,040,249	200,032,078	195,051,155	186,420,268	181,270,671	173,737,598	171,927,810
Expenditures										
Instruction:										
Regular Instruction	64,303,852	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
Special Education Instruction	20,532,432	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
Other Instruction	2,443,465	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
Support Services:										
Tuition	4,676,735	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
Attendance & Social Work Services	341,626	304,720	295,431	318,268	316,795	306,765	241,348	200,015	331	47,968
Health Services	2,530,874	2,599,124	2,334,996	2,227,847	2,802,321	2,947,694	2,699,507	2,578,284	2,443,908	2,687,737
Student & Instruction Related Services	17,194,271	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
Educational Media Services/ School Library	-	-	-	-	-	-	-	484,439	484,011	375,004
Instructional Staff Training	-	-	-	-	-	-	-	361,975	353,965	580,897
Other Administrative Services	2,788,820	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
Central Services	1,432,804	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
Administration Information Technology Services	882,381	792,038	800,600	799,664	748,625	728,250	794,558	846,043	1,007,029	807,131
School Administrative Services	6,607,015	6,648,673	6,488,943	6,330,562	6,494,424	6,530,420	6,064,959	5,586,092	5,859,386	5,893,453
Plant Operations & Maintenance	17,089,250	15,621,601	14,358,891	14,310,896	13,695,216	13,524,111	12,376,281	12,117,609	12,400,034	12,168,418
Pupil Transportation	12,880,522	12,119,654	10,579,649	10,193,170	10,358,426	9,915,322	10,761,129	9,894,739	9,981,645	9,981,645
Unallocated Benefits	68,298,071	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
Transfer to Charter Schools	173,956	-	-	-	-	-	-	-	-	-
Capital Outlay	5,284,059	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
Debt Service:										
Principal	5,080,000	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
Interest & Other Charges	1,426,118	1,630,443	1,351,116	2,220,168	2,415,268	2,599,293	2,773,393	3,223,579	2,569,255	2,673,722
Total Expenditures	233,966,251	230,024,269	207,843,693	198,114,366	200,808,919	207,857,097	189,083,780	181,998,202	193,195,738	178,168,311
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	-	-	-	-	-	11,200,000	1,500,000	820,000	2,442,752	1,350,000
Cancellation of Prior Year AP	-	-	-	-	-	-	-	505,918	-	-
Cancellation of Prior Year AR	-	-	-	-	-	(2,341,783)	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	394,925	19,379,000
Transfers Out	-	-	-	-	-	-	-	(3,996)	(607,163)	(300,277)
Total Other Financing Sources/(Uses)	-	-	-	-	-	8,858,217	1,500,000	1,321,922	2,230,514	20,428,723
Net Change in Fund Balances	\$ (1,264,933)	\$ (3,126,786)	\$ 6,516,568	\$ 4,925,883	\$ (776,841)	\$ (3,947,725)	\$ (1,163,512)	\$ 594,391	\$ (17,227,626)	\$ 14,188,222
Debt Service as a Percentage of Noncapital Expenditures	2.93%	2.95%	3.21%	3.75%	3.71%	3.82%	4.69%	4.11%	3.28%	3.38%

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
2023	\$ 605,577	\$ -	\$ -	\$ 79,469	\$ 171,562	\$ -	\$ 174,242	\$ 1,030,850
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	768,230
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
Total	\$ 1,187,966	\$ 45,280	\$ -	\$ 351,574	\$ 1,068,889	\$ -	\$ 1,895,919	\$ 4,424,591

Source: District Records

Revenue Capacity Information

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

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2023	\$ 92,624,700	\$ 13,560,577,800	\$ 150,492,500	\$ 596,400	\$ 1,113,238,800	\$ 10,563,200	\$ 13,975,800	\$ 14,942,069,200	\$ -	\$ 15,620,990	\$ 15,071,893,790	1.069	\$ 15,216,300,243
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	588,500	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	9,036,002,156	134,496,600	677,500	1,018,274,900	2,681,700	101,993,700	10,382,634,356	-	13,168,685	10,395,803,041	1.343	10,668,489,931
2015	66,485,100	8,867,273,420	132,735,800	693,200	1,090,553,800	2,681,700	101,994,900	10,262,417,920	-	12,823,003	9,838,132,733	1.333	10,262,417,920
2014	74,037,100	8,403,629,300	126,767,000	700,500	1,074,628,400	2,446,000	97,547,500	9,779,755,800	-	12,045,356	9,779,755,800	1.357	10,148,242,488

Source: Monmouth County Board of Taxation

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	<u>BASIC RATE</u>	<u>GENERAL OBLIGATION DEBT SERVICE</u>	<u>TOWNSHIP OF MIDDLETOWN</u>	<u>MONMOUTH COUNTY</u>	<u>COUNTY OPEN SPACE</u>
2023	1.069	0.061	0.404	0.179	0.025
2022	1.170	0.061	0.429	0.197	0.026
2021	1.295	0.063	0.467	0.227	0.028
2020	1.333	0.054	0.485	0.238	0.028
2019	1.265	0.052	0.531	0.236	0.028
2018	1.296	0.052	0.542	0.249	0.028
2017	1.301	0.053	0.498	0.257	0.015
2016	1.289	0.054	0.512	0.261	0.015
2015	1.278	0.055	0.511	0.276	0.016
2014	1.315	0.042	0.530	0.286	0.016

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

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

Taxpayer	2023		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
At Middletown NJ Landlord LLC	\$ 157,184,700	1	1.043%
FM Red Owner, LLC	81,364,500	2	0.540%
APA Holdings	42,658,700	3	0.283%
Middletown VF, LLC (V.R. Trust)	35,074,700	4	0.233%
Centro NP Middletown Plaza Owner	32,498,300	5	0.216%
Hensyn, Inc.	30,477,000	6	0.202%
Middletown Marketplace, LLC	25,065,900	7	0.166%
American Properties at Middletown, LLC	24,100,700	8	0.160%
Middletown Shopping Center	21,626,300	9	0.143%
Clarion Partners	18,494,700	10	0.123%
Total	<u>\$ 468,545,500</u>		<u>3.109%</u>

Taxpayer	2014		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
At Middletown NJ Landlord LLC	\$ 201,600,000	1	2.049%
One River Associates (Mack-Cali Realty Corp.)	45,853,200	2	0.466%
Centro NP Middletown Plaza Owner	28,990,000	3	0.295%
Middletown VF, LLC (V.R. Trust)	27,095,000	4	0.275%
Four Ponds (CB Richard Ellis, Inc.)	25,000,000	5	0.254%
Hensyn, Inc.	25,000,000	6	0.254%
Thousand Oaks Village	23,100,000	7	0.235%
One River Associates (Newman Springs Road)	17,590,200	8	0.179%
Middletown Shopping Center	17,500,000	9	0.178%
Sears Roebuck & Co.	17,173,400	10	0.175%
Total	<u>\$ 428,901,800</u>		<u>4.358%</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	
2023	\$	157,972,679	\$ 157,972,679	100.00%	-
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%	-

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			
2023	\$ 32,065,000	\$ 7,816,026	\$ 39,881,026	N/A	604
2022	37,145,000	8,305,000	45,450,000	N/A	689
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

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-14 for personal income and population data.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	ESTIMATED SCHOOL DISTRICT POPULATION	NET ASSESSED VALUATION TAXABLE	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2023	66,803	\$ 15,071,893,790	\$ 32,065,000	0.21%	480
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%	644
2019	65,490	11,331,428,725	55,485,000	0.49%	721
2018	65,612	10,864,913,784	60,145,000	0.55%	847
2017	65,490	10,685,555,553	64,620,000	0.60%	917
2016	66,018	10,395,803,041	68,920,000	0.66%	987
2015	66,522	9,838,132,733	72,759,000	0.74%	1,044
2014	66,522	9,838,132,733	75,095,000	0.76%	1,094

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, 2023**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Middletown	\$ 50,422,566	100.0%	\$ 50,422,566
Other Debt:			
County of Monmouth - Township's Share (%)	1,298,400,000	10.2479%	133,058,288
Township of Middletown Sewerage Authority	9,321,745	100.0%	9,321,745
Subtotal, Overlapping Debt			192,802,599
Middletown Township School District Direct Debt			32,065,000
Total Direct & Overlapping Debt			<u>\$ 224,867,599</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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 517,378,005	\$ 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
Total Net Debt Applicable to Limit	32,065,000	37,145	42,005,000	47,075,000	55,485,000	60,145,000	64,620,000	68,920,000	72,759,000	75,669,000
Legal Debt Margin	\$ 485,313,005	\$ 390,784,664	\$ 406,301,188	\$ 390,784,664	\$ 375,913,485	\$ 364,294,315	\$ 353,156,497	\$ 342,290,910	\$ 339,411,654	\$ 343,091,059
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.20%	0.01%	9.37%	10.75%	12.86%	14.17%	15.47%	16.76%	17.65%	18.07%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis	
2022	\$ 15,216,300,243
2021	12,447,140,438
2020	11,139,909,689
	<u>\$ 38,803,350,370</u>
	<u>\$ 12,934,450,123</u>
	<u>\$ 517,378,005</u>
	<u>32,065,000</u>
	<u>\$ 485,313,005</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**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2023	66,803	N/A	N/A	3.90%
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%

* 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**

	2023	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Information Not Available		
Total		
Total Employment - 2023 (Estimated)		

	2014	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
AT&T	4,000	12.15%
Middletown Township Board of Education	1,419	4.31%
Brookdale Community College	750	2.28%
Township of Middletown	510	1.55%
Shop Rite of Middletown	300	0.91%
Target	300	0.91%
Bailey Financial Consulting	300	0.91%
Sears Roebuck & Co.	203	0.62%
Academy Bus	200	0.61%
T&M Associates	200	0.61%
Total	8,182	24.85%
Total Employment - 2014 (Estimated)	32,923	

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction:										
Regular	619	617	612	615	630	636	595	602	623	628
Special Education	167	170	158	162	165	148	172	174	159	158
Classroom Paraprofessionals	277	286	288	245	230	257	273	290	305	311
Support Services:										
Attendance Services	4	4	4	4	4	4	-	-	-	1
Health Services	19	20	20	20	22	22	22	22	23	23
Student & Instruction Related Services	96	97	95	104	108	105	104	105	104	105
Educational Media Services/School Library	5	5	5	5	5	5	4	5	5	5
School Administrative Services	69	67	68	73	76	77	78	104	85	86
Central Services	26	22	23	21	21	21	20	27	19	18
Administrative Information Technology Service	10	10	10	11	10	10	13	15	14	13
Other Administrative Service	16	17	17	17	13	14	8	9	2	2
Plant Operations & Maintenance	160	152	164	173	174	156	153	341	156	153
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Total	1,471	1,470	1,467	1,453	1,461	1,458	1,445	1,697	1,498	1,506

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
2023	8,784	\$ 153,704,047	\$ 17,498	4.68%	926	11.2	8,912	8,472	-2.06%	95.06%
2022	8,934	149,333,824	16,715	6.73%	919	11.5	9,099	8,633	-0.55%	94.88%
2021	9,053	141,781,688	15,661	-11.77%	905	12.1	9,149	8,944	-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	6.99%	885	14.2	9,800	9,418	-0.42%	96.10%

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>2023</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>
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	333	341	355	369	366	372	387	387	405	419
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	302	289	296	308	279	279	304	313
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	472	469	465	531	511	495	506	506	501	486
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	275	259	267	285	274	251	233	233	232	232
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	481	452	449	456	451	442	456	456	491	509
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	454	425	408	393	384	382	391	391	413	418
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	208	193	206	236	233	273	282	282	294	295
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	498	486	467	359	368	380	412	412	431	453
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	510	519	514	557	571	579	565	565	575	550

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

<u>DISTRICT BUILDINGS</u>	<u>2023</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>
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	295	292	297	282	301	298	313	313	304	304
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
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	254	259	248	272	285	281	314	314	325	322
Middle Schools:										
Bayshore Middle School (1931):										
Square Feet	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069
Capacity	792	792	792	792	792	792	792	792	792	792
Enrollment	560	613	639	624	623	655	672	672	642	667
Thompson Middle School (1960)										
Square Feet	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069
Capacity	930	930	930	930	930	930	930	930	930	930
Enrollment	878	917	939	978	1,003	1,062	1,032	1,032	945	945
Thorne Middle School (1960)										
Square Feet	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069
Capacity	930	930	930	930	930	930	930	930	930	930
Enrollment	623	622	636	679	679	710	748	748	731	715
High Schools:										
Middletown High School North (1952):										
Square Feet	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800
Capacity	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849
Enrollment	1,230	1,305	1,331	1,334	1,440	1,367	1,390	1,390	1,425	1,382
Middletown High School South (1974):										
Square Feet	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156
Capacity	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793
Enrollment	1,441	1,496	1,495	1,540	1,557	1,429	1,418	1,418	1,403	1,400

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

<u>DISTRICT BUILDINGS</u>	<u>2023</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>
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, 2023:

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)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
High Schools:											
High School North	N/A	\$ 762,542	\$ 843,086	\$ 669,852	\$ 698,997	\$ 582,394	\$ 647,478	\$ 594,341	\$ 615,678	\$ 540,713	\$ 540,713
High School South	N/A	706,964	781,638	621,029	648,050	539,946	600,286	551,023	570,805	501,303	501,303
Middle Schools:											
Bayshore Middle	N/A	429,471	474,834	377,267	393,682	328,010	364,666	334,739	346,756	304,535	304,535
Thompson	N/A	384,756	425,396	337,987	352,693	293,859	326,698	299,887	310,653	272,827	272,827
Thorne	N/A	384,756	425,396	337,987	352,693	293,859	326,698	299,887	310,653	272,827	272,827
Elementary Schools:											
Bayview	N/A	131,164	145,019	115,221	120,234	100,177	111,372	102,232	105,902	93,008	93,008
Fairview	N/A	98,254	108,632	86,311	90,066	75,042	83,428	76,581	79,331	69,671	69,671
Harmony	N/A	153,239	169,425	134,612	140,469	117,037	130,116	119,437	123,725	108,660	108,660
Leonardo	N/A	96,152	106,308	84,465	88,140	73,437	81,643	74,943	77,634	68,181	68,181
Lincroft	N/A	117,928	130,385	103,594	108,101	90,068	100,134	91,916	95,216	83,622	83,622
Middletown Village	N/A	106,243	117,465	93,329	97,390	81,144	90,211	82,808	85,781	75,336	75,336
Navesink	N/A	86,786	95,953	76,237	79,554	66,283	73,690	67,643	70,071	61,539	61,539
New Monmouth	N/A	181,364	200,521	159,319	166,251	138,518	153,997	141,359	146,434	128,604	128,604
Nut Swamp	N/A	14,368	157,609	125,224	130,673	108,874	121,041	111,108	115,097	101,082	101,082
Ocean Avenue	N/A	94,021	103,952	82,592	86,186	71,809	79,834	73,282	75,913	66,670	66,670
Port Monmouth	N/A	76,761	84,869	67,430	70,364	58,626	65,178	59,829	61,977	54,431	54,431
River Plaza	N/A	95,511	105,600	87,552	72,947	81,099	74,444	77,116	67,727	67,727	108,757
Grand Total		\$ 3,920,280	\$ 4,476,088	\$ 3,560,008	\$ 3,696,489	\$ 3,100,182	\$ 3,430,914	\$ 3,158,131	\$ 3,259,353	\$ 2,870,736	\$ 2,911,766

Source: District Records

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
6/30/2023**

Commercial Package Policy - Diploma JIF	COVERAGE	DEDUCTIBLE
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	\$10,000,000	\$5,000
Accounts Receivable	\$2,500,000	\$5,000
Fine Arts	\$2,500,000	\$5,000
Loss or Rents	500,000 per occ / \$2,500,000 Aggregate	\$5,000
Flood/Earthquake:		
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	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	Included	\$5,000
Equipment Breakdown / Boiler and Machinery	\$100,000,000	\$5,000
Crime Coverage:		
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
Public Officials Bond		
Board Secretary - RLI	\$625,000	
General Liability:		
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	

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
6/30/2023**

Commercial Package Policy - Diploma JIF	COVERAGE	DEDUCTIBLE
Automotive Coverage:		
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	
Terrorism	\$1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection against 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	
Workers' Compensation		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	\$2,000,000	
Bodily Injury by Disease	\$2,000,000	
Foreign Travel Accident Insurance		
National Union Fire Ins Co	\$1,000,000	
Environmental Impairment Liability		
Limit of Liability	\$1,000,000 Per Incident \$5,000,000 Fund Aggregate	\$50,000
Excess Liability (GL &AL)		
Limit of Liability Per Occurrence / Aggregate	\$5,000,000	
Cyber Liability		
Limit of Liability Per Occurrence / Aggregate	\$2,000,000	\$10,000
Third Party Liability - Privacy Notification	\$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, 2023, 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 December 15, 2023.

Report on 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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.

Brian J. Waldron
Certified Public Accountant
Public School Accountant, No. 2600

Lakewood, New Jersey
December 15, 2023



Certified Public Accountants + Advisors

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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, 2023. 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 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, 2023.

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 School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

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 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 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.

Brian J. Waldron
Certified Public Accountant
Public School Accountant, No. 2600

Lakewood, New Jersey
December 15, 2023

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

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MIDDLETON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

STATE GRANTOR/ PROGRAM TITLE	GRANT OR PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2022	CARRYOVER (WALDOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENT	MEMO				
											UNEARNED REVENUE	BALANCE, JUNE 30, 2023 (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:															
General Fund:															
State Aid Public:															
Special Education Categorical Aid	495-034-S120-089	\$	7/01/398	-	-	\$	7,019,398	\$	-	\$	-	\$	-	\$	7,019,398
Security Aid	495-034-S120-084		861,307	-	-	861,307	(861,307)	-	-	-	-	-	-	84,543	861,307
Adjustment Aid	495-034-S120-085		1,522,808	-	-	1,522,808	(1,522,808)	-	-	-	-	-	-	149,474	1,522,808
Equalization Aid	495-034-S120-078		966,925	-	-	966,925	(966,925)	-	-	-	-	-	-	94,910	966,925
Stabilization Aid	495-034-S120-078		1,970,000	-	-	1,970,000	(1,970,000)	-	-	-	-	-	-	-	1,970,000
Supplemental Stabilization Aid	495-034-S120-128		217,769	-	-	217,769	(217,769)	-	-	-	-	-	-	-	217,769
Total State Aid Public															
Transportation Aid	495-034-S120-014	3,160,000	7/01/22-6/30/23	-	-	12,558,207	(12,558,207)	-	-	-	-	-	-	1,017,928	12,558,207
Extracurricular Aid	495-034-S120-073	1,772,142	7/01/22-6/30/23	-	-	3,160,000	(3,160,000)	-	-	-	-	-	-	310,175	3,160,000
Extracurricular Aid	495-034-S120-473	2,079,695	7/01/21-6/30/22	(2,079,695)	-	-	(1,772,142)	-	-	-	-	(1,772,142)	-	-	1,772,142
Additional Non-Public Transportation Aid	495-034-S120-014	221,036	7/01/22-6/30/23	-	-	2,079,695	-	-	-	-	-	-	-	-	-
Additional Non-Public Transportation Aid	495-034-S120-014	185,567	7/01/21-6/30/22	(185,567)	-	-	(221,036)	-	-	-	-	(221,036)	-	-	221,036
Securing Our Children's Future Bond Act (Alyssa's Law)	Not Available	338,389	7/01/21-6/30/22	(538,389)	-	-	-	-	-	-	-	(538,389)	-	-	-
Reimbursement TPAF Social Security Contributions	495-034-S094-003	6,098,526	7/01/22-6/30/23	-	-	5,571,301	(6,098,526)	-	-	-	-	-	-	-	6,098,526
Reimbursement TPAF Social Security Contributions	495-034-S094-003	5,318,382	7/01/21-6/30/22	(292,805)	-	-	-	-	-	-	-	(527,225)	-	-	-
TPAF - Post Retirement	495-034-S094-001	7,603,365	7/01/22-6/30/23	-	-	7,603,365	(7,603,365)	-	-	-	-	-	-	-	7,603,365
TPAF - Pension	495-034-S094-001	28,943,412	7/01/22-6/30/23	-	-	28,943,412	(28,943,412)	-	-	-	-	-	-	-	28,943,412
Contributions (Noncash Assistance)	495-034-S094-002	10,270	7/01/22-6/30/23	-	-	10,270	(10,270)	-	-	-	-	-	-	-	10,270
TPAF - Long-Term Disability	495-034-S094-004	10,270	7/01/22-6/30/23	-	-	10,270	(10,270)	-	-	-	-	-	-	-	10,270
Insurance (Noncash Assistance)				(3,096,456)	-	60,404,022	(60,366,958)	-	-	-	-	(3,058,792)	-	1,328,103	60,366,958
Total General Fund															
Special Revenue Fund:															
Non-Public Aid:															
Textbooks	100-034-S120-064	145,067	7/01/21-6/30/22	2,277	-	-	-	-	-	-	-	-	-	-	-
Textbooks	100-034-S120-064	141,702	7/01/22-6/30/23	-	-	141,702	(136,967)	-	-	-	-	-	4,735	-	136,967
Nursing Services	100-034-S120-070	271,712	7/01/21-6/30/22	54,756	-	-	-	-	-	-	-	(64,756)	-	-	-
Nursing Services	100-034-S120-070	240,912	7/01/22-6/30/23	-	-	240,912	(240,170)	-	-	-	-	-	742	-	240,170
Technology Initiative	100-034-S120-373	100,514	7/01/21-6/30/22	13,302	-	-	-	-	-	-	-	(13,202)	-	-	-
Technology Initiative	100-034-S120-373	90,174	7/01/22-6/30/23	-	-	90,174	(86,930)	-	-	-	-	-	3,244	-	86,930
Security Aid	100-034-S120-508	424,550	7/01/21-6/30/22	19,250	-	-	-	-	-	-	-	(19,250)	-	-	-
Security Aid	100-034-S120-509	440,955	7/01/22-6/30/23	-	-	440,955	(440,266)	-	-	-	-	-	689	-	440,266
Auxiliary Services Aid (Chapter 192):															
Home Instruction	100-034-S120-067	1,911	7/01/21-6/30/22	(1,911)	-	1,911	-	-	-	-	-	-	-	-	-
Home Instruction	100-034-S120-067	1,759	7/01/22-6/30/23	-	-	-	(1,759)	-	-	-	-	(1,759)	-	-	1,759
ESL	100-034-S120-067	914	7/01/21-6/30/22	914	-	-	-	-	-	-	-	-	-	-	-
Compensatory Education	100-034-S120-067	196,339	7/01/21-6/30/22	1,612	-	-	-	-	-	-	-	(1,612)	-	-	-
Compensatory Education	100-034-S120-067	216,836	7/01/22-6/30/23	-	-	216,836	(216,836)	-	-	-	-	-	-	-	216,836
Handicapped Services (Chapter 193):															
Examination and Classification	100-034-S120-066	187,151	7/01/21-6/30/22	5,715	-	-	-	-	-	-	-	(5,715)	-	-	-
Examination and Classification	100-034-S120-066	148,258	7/01/22-6/30/23	-	-	148,258	(140,271)	-	-	-	-	-	3,557	-	140,271
Corrective Speech	100-034-S120-066	59,520	7/01/21-6/30/22	6,994	-	-	-	-	-	-	-	(6,994)	-	-	-
Corrective Speech	100-034-S120-066	52,266	7/01/22-6/30/23	-	-	52,266	(52,266)	-	-	-	-	-	1,041	-	52,266
Supplementary Instruction	100-034-S120-066	175,112	7/01/21-6/30/22	8,541	-	-	-	-	-	-	-	(8,541)	-	-	-
Supplementary Instruction	100-034-S120-066	121,599	7/01/22-6/30/23	-	-	122,809	(122,909)	-	-	-	-	-	2,889	-	122,909
Climate Change Education Grant															
Schools Development Authority	100-034-S063-359	6,660	7/01/22-6/30/23	-	-	6,660	(6,660)	-	-	-	-	-	-	-	6,660
Unavailable		220,940	7/01/22-6/30/23	-	-	220,940	(220,940)	-	-	-	-	-	-	-	220,940
Total Special Revenue Fund															
Debt Service Fund:				111,350	-	1,684,437	(1,666,474)	-	-	-	-	(1,759)	16,897	-	1,666,474
Debt Service Aid	495-034-S120-075	1,260,549	7/01/22-6/30/23	-	-	1,260,549	(1,260,549)	-	-	-	-	-	-	-	1,260,549
Total Debt Service Fund															
New Jersey Department of Agriculture:															
Enterprise Fund:															
National School Breakfast Program	100-0103350-023	994	7/01/22-6/30/23	-	-	920	(994)	-	-	-	-	-	-	-	994
National School Lunch Program	100-0103350-023	33,171	7/01/22-6/30/23	(7,246)	-	31,676	(33,171)	-	-	-	-	(74)	-	-	33,171
National School Lunch Program	100-0103350-023	93,880	7/01/21-6/30/22	-	-	72,46	-	-	-	-	-	(1,264)	-	-	-
Total Enterprise Fund															
Total State Financial Assistance															
State Financial Assistance Programs not Subject to Calculation for Major Program Determination:															
TPAF - Post Retirement	495-034-S094-001	\$	7/01/22-6/30/23	-	-	\$	7,603,365	-	-	-	-	-	-	-	-
TPAF - Pension	495-034-S094-002	28,943,412	7/01/22-6/30/23	-	-	28,943,412	-	-	-	-	-	-	-	-	-
Contributions (Noncash Assistance)	495-034-S094-002	10,270	7/01/22-6/30/23	-	-	10,270	-	-	-	-	-	-	-	-	-
TPAF - Long-Term Disability	495-034-S094-004	10,270	7/01/22-6/30/23	-	-	10,270	-	-	-	-	-	-	-	-	-
Insurance (Noncash Assistance)				(2,992,452)	-	63,389,681	(63,328,146)	-	-	-	-	(13,261)	16,897	-	63,328,146
Total State Financial Assistance Subject to Calculation for Major Program Determination															
The accompanying Notes to Schedule Expenditures of Federal Awards and Financial Assistance are an integral part of this Schedule.															

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023 (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 \$(334,795) for the general fund and \$2,222,293 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	\$ 762,194	\$ 60,471,242	\$ 61,233,436
Special Revenue Fund	6,371,779	1,896,985	8,268,764
Debt Service Fund	-	1,260,549	1,260,549
Food Service Fund	1,235,375	34,165	1,269,540
Total Awards & Financial Assistance	<u>\$ 8,369,348</u>	<u>\$ 63,662,941</u>	<u>\$ 72,032,289</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, 2023.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	X no
2) Significant deficiency(ies) identified?	_____ yes	X none reported
Noncompliance material to financial statements noted?	_____ yes	X no

Federal Awards

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 2 CFR 200 section .516(a) of Uniform Guidance?	_____ yes	X no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.173	H173A220114	I.D.E.A Preschool
84.027A/84.027X	H027A220100/H027 X210100	I.D.E.A Part B/COVID ARP I.D.E.A
84.425D/84.425U	S425D210027/S425U 210027	Education Stabilization Fund

Dollar threshold used to determine Type A programs	\$ 750,000
Auditee qualified as low-risk auditee?	X yes _____ no

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	803,133
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?		
	<u> </u> yes	<u> X </u> no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-078	Equalization Aid
495-034-5120-078	Stabilization Aid
495-034-5120-128	Supplemental Stabilization Aid

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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, 2023**

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, 2023**

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.