

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

Middletown, New Jersey
County of Monmouth

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

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



YEAR ENDED JUNE 30, 2021

**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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Fax (732) 291-1035

www.middletownk12.org

March 11, 2022

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, 2021, 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, 2021, 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, 2020 was 9,053. There are not currently any Charter Schools located in Middletown Township.

2. Economic Condition and Outlook

The Township of Middletown completed a revaluation all of its properties in 2015 to adjust the net assessed valuations closer to market value, which resulted in an increase in valuations. Our bonded indebtedness is \$42,005,000 as compared to our school-borrowing margin of \$406,301,188.

The District's enrollment has been relatively stable over the last few years. An updated enrollment projection was completed in July 2020 that predicts an overall stable level in enrollment over the next five years. There are a few new residential developments planned in the Township, but they are not anticipated to have a significant impact on the student population. However, the continued impact of the pandemic is unknown.

The 16 schools in the district vary in age, with original construction dates ranging from 1928 through 1974. The District passed a bond referendum in March 2014 for roofing and improvements to the geothermal heating and cooling system.

In July 2018, the District was notified that its state aid allocation was being reduced by over \$5 million over seven years. Current projections indicate that the District will be subject to an additional \$2.1 million in state aid reductions through fiscal year 2024-2025 under the provisions of the School Funding Reform Act.

3. Long-Term Financial Planning/Major Initiatives

The District completed an updated Long Range Facilities Plan in February of 2020. Additionally, the District completed an Energy Savings Improvement Program (ESIP) in December 2019, the goal of which was to fund needed heating and cooling systems improvements with projects that will provide the district with energy savings over 15-20 years. The Board completed its 2020-2025 Strategic Plan in June 2020 after a process that involved board members, administration and community members. District administrators and the Board are also evaluating the long-term financial impact of state mandated initiatives and the allocation of state aid.

4. Internal Controls

Management of the District is responsible for establishing and maintaining internal controls that are designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as evaluate whether the District has complied with the applicable laws and regulations relating to its major programs.

5. Budgetary Controls and Process

In addition to internal controls, the District maintains budgetary controls. The legal level of budgetary control is established at the line item accounts within each fund. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as an assignment of fund balance at June 30, 2021.

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, 2021, the District's outstanding debt issues included bonds of \$42,005,000. 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, 2020. In order to be awarded a Certificate of Excellence, the district published an easily readable and efficiently organized ACFR.

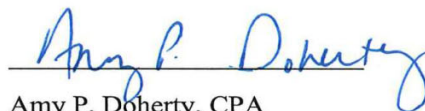
This report satisfied both Generally Accepted Accounting Principles in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Excellence Program's requirements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

Respectfully submitted,



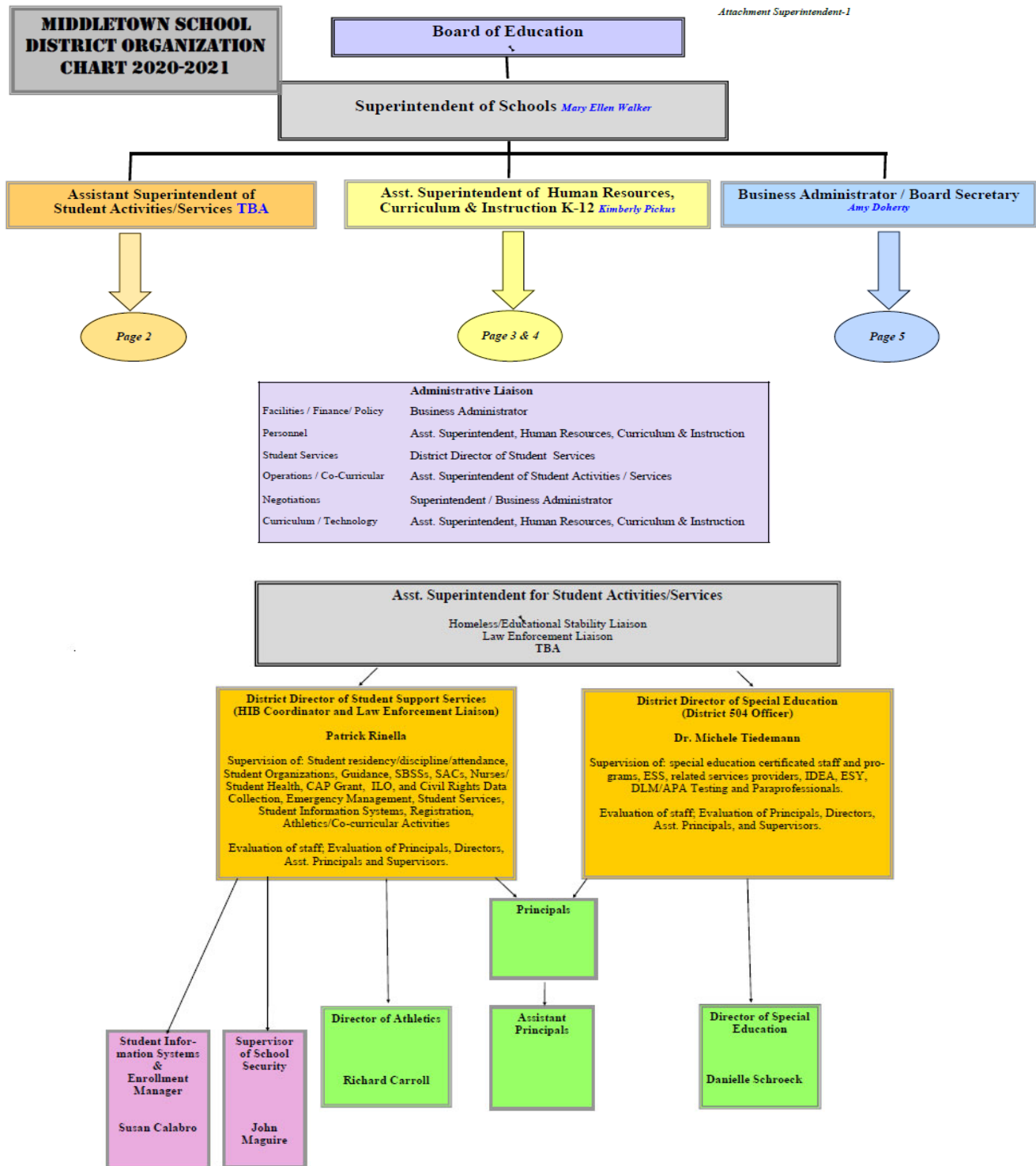
Mary E. Walker

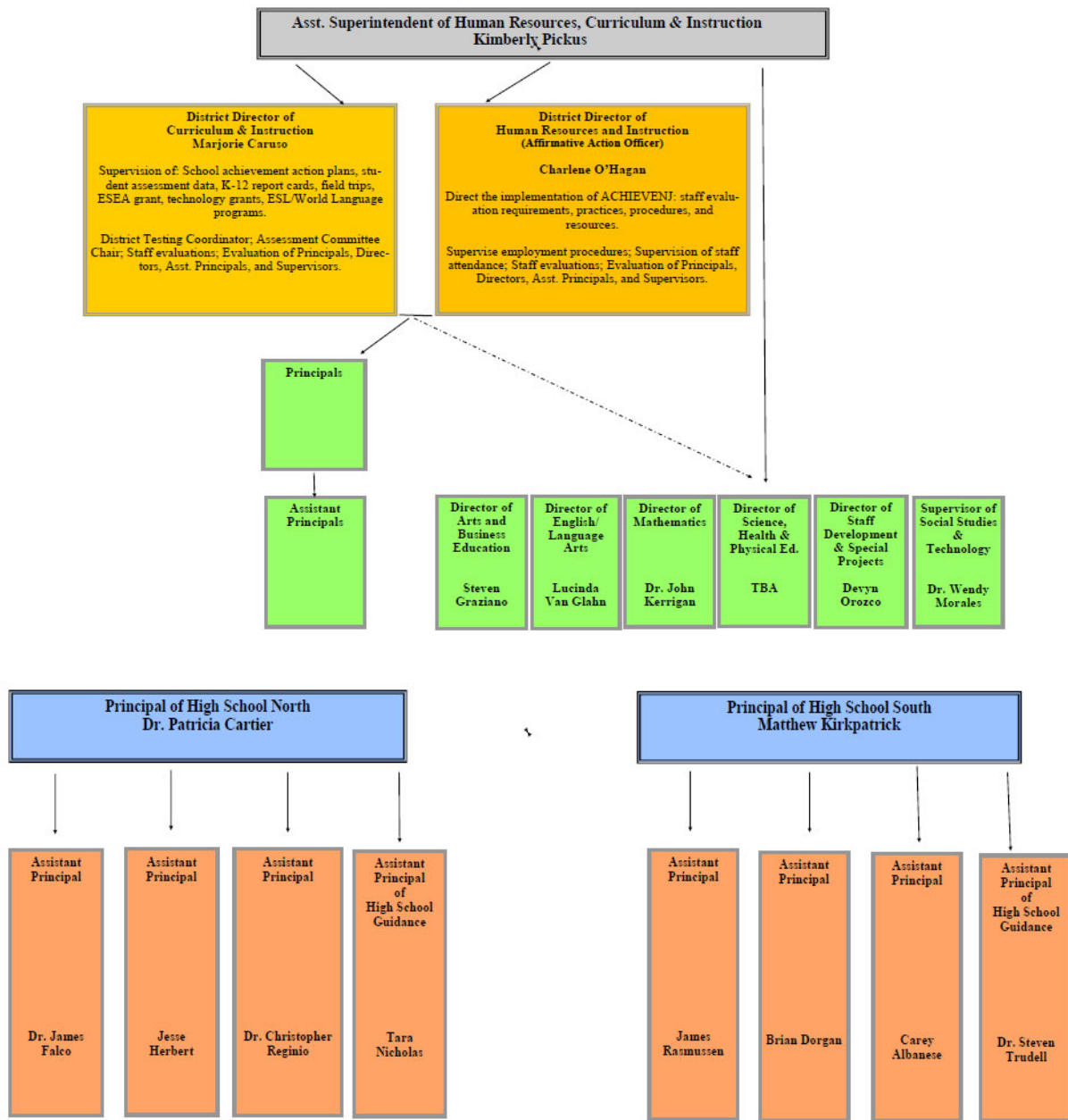
Superintendent of Schools

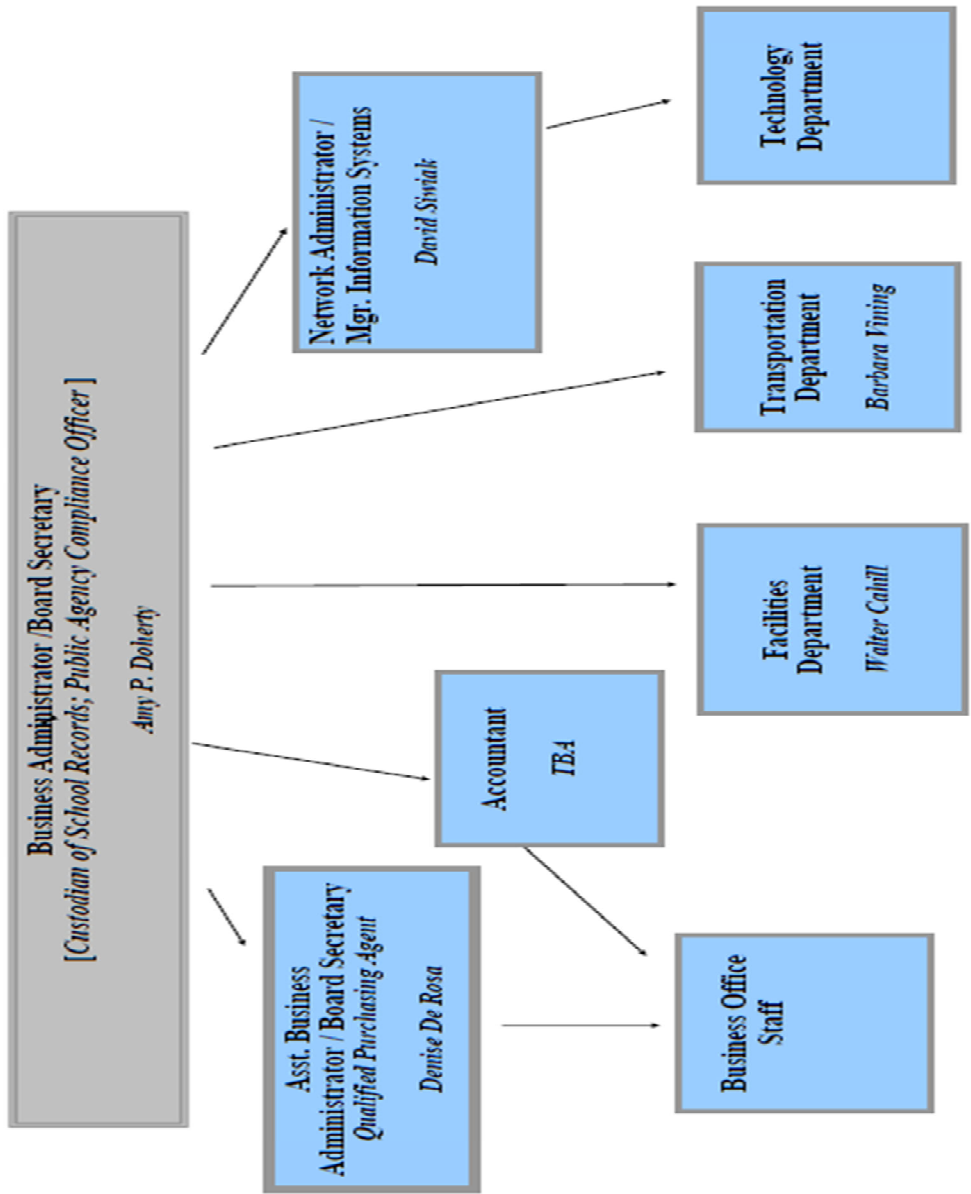


Amy P. Doherty, CPA

Business Administrator/Board Secretary







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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
MIDDLETOWN, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2021**

Members of the Board of Education

TERM EXPIRES

| | |
|------------------------------|------|
| Joan Minnuies, President | 2021 |
| Frank Capone, Vice President | 2023 |
| Leonora Caminiti | 2022 |
| Thomas Giaimo | 2021 |
| Harmony Barry Heffernan | 2023 |
| Michael Donlon | 2022 |
| John Little | 2022 |
| Jacqueline Tobacco | 2023 |
| Deborah Wright | 2021 |

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, 2021**

AUDITOR/AUDIT FIRM

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

ATTORNEY

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Methfessel & Werbel, ESQS.
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Edison, NJ 08818

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

OFFICIAL DEPOSITORY

TD Bank
207 Harmony Road
Middletown, New Jersey 07748

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Middletown Township Board of Education

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



W. Edward Chabal

W. Edward Chabal
President

David J. Lewis

David J. Lewis
Executive Director

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| |
|--------------------------|
| FINANCIAL SECTION |
|--------------------------|

Second Section

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Certified Public Accountants + Advisors

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194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
1415 Hooper Avenue, Suite 305, Unit A, Toms River, NJ 08753 • By Appointment Only

www.hfacpas.com

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

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, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Middletown Township School District, County of Monmouth, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middletown Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* , we have also issued our report dated March 11, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
March 11, 2022

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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, 2021

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, 2021. 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 (2020-2021) and the prior fiscal year (2019-2020) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020-2021 are as follows:

- In total, net position of governmental activities increased \$10,948,964, which represents a 231.60% increase from 2020. Total net position of business-type activities decreased \$21,473, which represents a 3.62% decrease from 2020.
- General revenues accounted for \$175,611,548 in revenue or 74.33% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$60,656,579 or 25.67% of total revenues of \$236,268,127.
- Total assets of governmental activities increased by \$6,202,714 as cash and cash equivalents increased by \$6,481,308, receivables increased by \$1,589,034, restricted cash and cash equivalents and cash on hand with fiscal agent increased by \$2,925,591, and total capital assets decreased by \$4,793,219.
- Total liabilities of governmental activities decreased by \$10,190,456, as accounts payable decreased by \$1,737,669 and non-current liabilities due beyond one year decreased by \$12,572,876.
- The District had \$223,881,112 in governmental activity expenses; only \$59,218,528 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 \$175,611,548 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$10,948,964.
- In the governmental funds, the general fund had \$201,338,091 in revenues and \$195,469,004 in expenditures. The general fund's fund balance increased by \$5,869,087 over 2021.

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, 2021 and 2020, respectively:

Net Position
June 30, 2021

| | Governmental Activities | | Business-Type Activities | |
|---------------------------------------|-------------------------|-----------------------|--------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Assets | | | | |
| Current and Other | | | | |
| Assets | \$ 28,839,466 | \$ 17,843,533 | \$ 191,844 | \$ 44,243 |
| Capital Assets, Net | 88,589,039 | 93,382,258 | 668,386 | 720,443 |
| Total Assets | <u>117,428,505</u> | <u>111,225,791</u> | <u>860,230</u> | <u>764,686</u> |
| Deferred Outflows of Resources | | | | |
| Deferred Outflows | | | | |
| Relating to Pension | 4,539,262 | 6,408,250 | - | - |
| Deferred Charges on | | | | |
| Refunding of Debt | 1,923,515 | 2,100,712 | - | - |
| Total Deferred Outflows | | | | |
| of Resources | <u>6,462,777</u> | <u>8,508,962</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | | |
| Long-Term Liabilities | 90,784,441 | 103,732,317 | - | - |
| Other Liabilities | 10,576,891 | 7,819,471 | 288,303 | 171,286 |
| Total Liabilities | <u>101,361,332</u> | <u>111,551,788</u> | <u>288,303</u> | <u>171,286</u> |
| Deferred Inflows of Resources | | | | |
| Deferred Inflows | | | | |
| Relating to Pension | 16,308,603 | 14,503,558 | - | - |
| Total | | | | |
| Deferred | | | | |
| Inflows of Resources | <u>16,308,603</u> | <u>14,503,558</u> | <u>-</u> | <u>-</u> |
| Net Position | | | | |
| Net Investment in | | | | |
| Capital Assets | 33,641,366 | 32,051,356 | 668,386 | 720,443 |
| Restricted | 12,296,846 | 7,143,356 | - | - |
| Unrestricted | (39,716,865) | (45,515,305) | (96,459) | (127,043) |
| Total Net Position | <u>\$ 6,221,347</u> | <u>\$ (6,320,593)</u> | <u>\$ 571,927</u> | <u>\$ 593,400</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 \$33,641,366 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, 2021.

Restricted net position increased \$5,153,490 from the prior year to \$12,296,846 at June 30, 2021.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The \$(39,716,865) 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, 2021 and 2020. 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, 2021</u> | | |
|---------------------------------------|-----------------------------------|------------------------------------|--------------|
| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
| Revenues and Special Items: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ - | \$ 121 | \$ 121 |
| Operating Grants and Contributions | 59,218,528 | 1,437,930 | 60,656,458 |
| General Revenues: | | | |
| Property Taxes | 153,192,098 | - | 153,192,098 |
| Federal and State Aid | 20,493,728 | - | 20,493,728 |
| Miscellaneous | 1,925,722 | - | 1,925,722 |
| Total Revenues and Special Items | 234,830,076 | 1,438,051 | 236,268,127 |
| Expenses: | | | |
| Instructional Services | 144,369,713 | - | 144,369,713 |
| Support Services | 78,913,637 | 1,459,524 | 80,373,161 |
| Interest and Other Charges | 597,762 | - | 597,762 |
| Total Expenses | 223,881,112 | 1,459,524 | 225,340,636 |
| Change in Net Position | 10,948,964 | (21,473) | 10,927,491 |
| Net Position, Beginning (As Restated) | (4,727,617) | 593,400 | (4,134,217) |
| Net Position, Ending | \$ 6,221,347 | \$ 571,927 | \$ 6,793,274 |

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

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, 2021 and 2020 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

| | <u>June 30, 2021</u> | | | |
|-----------------|-----------------------------|---------------------|-------------------------------------|--------------------------------------|
| | Amount | Percent Of Total | Increase (Decrease) From 2020 | Percent of Increase (Decrease) |
| Local Tax Levy | \$ 153,192,098 | 71.46% | \$ 3,944,316 | 2.64% |
| Tuition Charges | 541,805 | 0.25% | (120,003) | -18.13% |
| Miscellaneous | 1,427,181 | 0.67% | 409,939 | 40.30% |
| State Sources | 54,672,238 | 25.50% | 6,314,670 | 13.06% |
| Federal Sources | 4,526,939 | 2.11% | 771,090 | 20.53% |
| Total | \$ 214,360,261 | 100.00% | \$ 11,320,012 | 5.58% |

June 30, 2020

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

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2021 and 2020 and the amount and percentage of increases and (decreases) in relation to prior year expenditures.

June 30, 2021

| | Amount | Percent Of Total | Increase (Decrease) From 2020 | Percent of Increase (Decrease) |
|-----------------------|-----------------------|---------------------|-------------------------------------|--------------------------------------|
| Current Expenditures: | | | | |
| Instruction | \$ 83,200,566 | 40.03% | \$ 2,010,058 | 2.48% |
| Undistributed | 116,782,747 | 56.19% | 9,194,742 | 8.55% |
| Capital Outlay | 1,447,347 | 0.70% | (808,338) | -35.84% |
| Debt Service: | | | | |
| Principal | 5,061,917 | 2.44% | 201,917 | 4.15% |
| Interest | 1,351,116 | 0.65% | (869,052) | -39.14% |
| Costs of Issuance | - | 0.00% | (172,297) | -0.09% |
| Total | <u>\$ 207,843,693</u> | <u>100.00%</u> | <u>\$ 9,557,030</u> | <u>4.82%</u> |

June 30, 2020

| | Amount | Percent Of Total | Increase (Decrease) From 2019 | Percent of Increase (Decrease) |
|-----------------------|-----------------------|---------------------|-------------------------------------|--------------------------------------|
| Current Expenditures: | | | | |
| Instruction | \$ 81,190,508 | 40.95% | \$ 1,142,794 | 1.43% |
| Undistributed | 107,588,005 | 54.26% | 4,107,256 | 3.89% |
| Capital Outlay | 2,255,685 | 1.14% | (12,299,203) | -79.69% |
| Debt Service: | | | | |
| Principal | 4,860,000 | 2.45% | 185,000 | 4.13% |
| Interest | 2,220,168 | 1.12% | (184,025) | -7.08% |
| Costs of Issuance | 172,297 | 0.09% | N/A | N/A |
| Total | <u>\$ 198,286,663</u> | <u>100.00%</u> | <u>\$ (7,048,178)</u> | <u>-3.39%</u> |

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added. Capital Outlay decreased in conjunction with the less projects budgeted for in 2020 - 2021.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2020-2021 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 2020-2021 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2020-2021 unassigned fund balance increased by \$4,327,916 to \$6,102,884 (4% allowed per legislation S-2691, net of allowable adjustments).

Proprietary Funds. The District's proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Services Enterprise Fund showed a change in net position of \$(21,473) in 2020-2021 as compared to a change in net position of \$(69,689) in 2019-2020. The Board has made significant investments in equipment for the food service operations over the last few years for the implementation of the block lunch schedule at the high schools and the transition from a plated satellite program to a bulk satellite/serving line food service program at the elementary schools. Operating revenues decreased by 99.99% in 2020-2021 while operating expenses decreased 26.11%. The food service fund incurred an operating loss of \$(1,459,524) in 2020-2021, as compared to an operating loss of \$(609,227) in 2019-2020. Funding from the State and Federal Government under the State and National Programs increased \$898,386 from 2019-2020 to 2020-2021. The unrestricted net position of the food service program was \$(96,459) and the restricted amount of Net Investment in Capital Assets totaled \$668,386 at June 30, 2021. Although the food service operation is still not profitable, the district feels that the investments it is making in the program to improve service, combined with the changes in the operations recommended by its food service consultant, will make the program's financial results positive over time.

Capital Assets

At June 30, 2021 the District had capital assets of \$89,257,425, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

| | <u>June 30, 2021</u> | |
|--------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities |
| Land | \$ 16,909,500 | \$ - |
| Construction In Progress | 325,937 | - |
| Land Improvements | 3,925,787 | - |
| Buildings/Construction | 62,106,141 | 332,154 |
| Machinery and Equipment | 5,321,674 | 336,232 |
| Total | <u>\$ 88,589,039</u> | <u>\$ 668,386</u> |

| | <u>June 30, 2020</u> | |
|--------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities |
| Land | \$ 16,909,500 | \$ - |
| Construction In Progress | 1,585,479 | - |
| Land Improvements | 4,263,122 | - |
| Buildings/Construction | 65,246,708 | 352,876 |
| Machinery and Equipment | 5,377,449 | 367,567 |
| Total | <u>\$ 93,382,258</u> | <u>\$ 720,443</u> |

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, 2021 and 2020, the District's outstanding debt issues included \$42,005,000 and \$47,075,000 respectively of general obligation bonds (2020 refunding bonds, 2014 issue, 2013 refunding bonds, and 2010 refunding bonds), \$8,895,000 and \$9,650,000 respectively of capital leases (Savin Copiers, Technology Leases and ESIP Lease) and \$4,468,152 and \$4,564,807 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 2021-2022 budget will be adequate to satisfy all 2021-2022 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 2021-2022.
- The District was notified that its 2020-2021 state aid was being reduced. State aid for 2020-2021 reflected a reduction of \$880,035. Additional reductions in state aid are projected to total approximately \$2.1 million through 2024-2025 under the 2018 School Funding Reform Act.
- The District continues to be negatively impacted by legislation known as S-1701, and notably the surplus provisions, which require districts to keep surplus at 2% of their operating budgets or less. This fund balance threshold is precariously low, and forcing a reduction to 2% every year can cause significant fluctuations in school taxes from year to year. However, recent legislation passed in response to the COVID-19 pandemic (S-2691) now allows the School District to maintain a surplus of 4% for the 2020-2021 and 2021-2022 school years.
- The District had an updated enrollment projection done in July 2020 which projects stability in enrollment over the next five years.

Requests for Information

This financial report is designed to provide a general overview of the Middletown School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Middletown Board of Education, PO Box 4170, Middletown, NJ 07748.

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| 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, 2021

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | TOTAL |
|--|--------------------------------|--------------|---------------------------------|---------------|
| ASSETS: | | | | |
| Cash & Cash Equivalents | \$ | 16,277,212 | \$ - | \$ 16,277,212 |
| Receivables, Net (Note 4) | | 3,932,399 | 191,844 | 4,124,243 |
| Restricted Cash & Cash Equivalents | | 8,629,855 | - | 8,629,855 |
| Capital Assets, Net (Note 5): | | | | |
| Non-Depreciable | | 17,235,437 | - | 17,235,437 |
| Depreciable | | 71,353,602 | 668,386 | 72,021,988 |
| Total Assets | | 117,428,505 | 860,230 | 118,288,735 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Related to Pensions (Note 8) | | 4,539,262 | - | 4,539,262 |
| Related to Loss on Debt Refunding | | 1,923,515 | - | 1,923,515 |
| Total Deferred Outflow of Resources | | 6,462,777 | - | 6,462,777 |
| LIABILITIES: | | | | |
| Cash Deficit | | - | 22,610 | 22,610 |
| Accounts Payable | | 2,351,944 | 133,945 | 2,485,889 |
| Due to Other Governments | | 2,358,178 | - | 2,358,178 |
| Unearned Revenue | | 478,189 | 131,494 | 609,683 |
| Accrued Interest | | 440,929 | - | 440,929 |
| Accrued Salaries and Wages | | 197,738 | - | 197,738 |
| Other Liabilities | | - | 254 | 254 |
| Payroll Deductions and Withholdings | | 4,697,032 | - | 4,697,032 |
| Unemployment Trust Liability | | 52,881 | - | 52,881 |
| Noncurrent Liabilities (Note 7): | | | | |
| Due Within One Year | | 6,185,426 | - | 6,185,426 |
| Due in More Than One Year | | 84,599,015 | - | 84,599,015 |
| Total Liabilities | | 101,361,332 | 288,303 | 101,649,635 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Related to Pensions (Note 8) | | 16,308,603 | - | 16,308,603 |
| Total Deferred Inflow of Resources | | 16,308,603 | - | 16,308,603 |
| NET POSITION: | | | | |
| Net Investment in Capital Assets | | 33,641,366 | 668,386 | 34,309,752 |
| Restricted for: | | | | |
| Capital Projects | | 4,282,663 | - | 4,282,663 |
| Debt Service | | 698,305 | - | 698,305 |
| Maintenance Reserve | | 2,060,533 | - | 2,060,533 |
| Legal Reserve | | 2,289,240 | - | 2,289,240 |
| Unemployment Reserve | | 421,944 | - | 421,944 |
| Student Activities | | 538,127 | - | 538,127 |
| Scholarship | | 617,061 | - | 617,061 |
| Excess Surplus | | 1,388,973 | - | 1,388,973 |
| Unrestricted (Deficit) | | (39,716,865) | (96,459) | (39,813,324) |
| Total Net Position | \$ | 6,221,347 | \$ 571,927 | \$ 6,793,274 |

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

| 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 | \$ 108,035,437 | \$ - | \$ 36,818,330 | \$ (71,217,107) | \$ - | \$ (71,217,107) |
| Special Education Instruction | 32,753,983 | - | 10,161,386 | (22,592,597) | - | (22,592,597) |
| Other Instruction | 3,580,292 | - | 1,110,727 | (2,469,565) | - | (2,469,565) |
| Support Services: | | | | | | |
| Tuition | 6,342,014 | - | 734,448 | (5,607,566) | - | (5,607,566) |
| Student & Instruction Related Services | 24,294,824 | - | 4,758,341 | (19,536,483) | - | (19,536,483) |
| General Administrative | 3,026,482 | - | 350,487 | (2,675,995) | - | (2,675,995) |
| School Administrative Services | 8,783,723 | - | 1,017,215 | (7,766,508) | - | (7,766,508) |
| Central Services | 2,009,330 | - | 232,694 | (1,776,636) | - | (1,776,636) |
| Administrative Info. Technology | 1,083,728 | - | 125,503 | (958,225) | - | (958,225) |
| Plant Operations & Maintenance | 19,052,450 | - | 2,250,917 | (16,801,533) | - | (16,801,533) |
| Pupil Transportation | 14,321,086 | - | 1,658,479 | (12,662,607) | - | (12,662,607) |
| Interest & Other Charges | 597,762 | - | - | (597,762) | - | (597,762) |
| Total Governmental Activities | 223,881,112 | - | 59,218,528 | (164,662,584) | - | (164,662,584) |
| Business-Type Activities: | | | | | | |
| Food Service | 1,459,524 | 121 | 1,437,930 | - | (21,473) | (21,473) |
| Total Business-Type Activities | 1,459,524 | 121 | 1,437,930 | - | (21,473) | (21,473) |
| Total Primary Government | \$ 225,340,636 | \$ 121 | \$ 60,656,458 | (164,662,584) | (21,473) | (164,684,057) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purposes | | | | 147,549,892 | - | 147,549,892 |
| Property Taxes, Levied for Debt Service | | | | 5,642,206 | - | 5,642,206 |
| Federal & State Aid Restricted | | | | 1,818,380 | - | 1,818,380 |
| Federal & State Aid Not Restricted | | | | 18,675,348 | - | 18,675,348 |
| Tuition Charges | | | | 541,805 | - | 541,805 |
| Miscellaneous | | | | 1,383,917 | - | 1,383,917 |
| Total General Revenues and Special Items | | | | 175,611,548 | - | 175,611,548 |
| Change In Net Position | | | | 10,948,964 | (21,473) | 10,927,491 |
| Net Position - Beginning (As Restated, Note 19) | | | | (4,727,617) | 593,400 | (4,134,217) |
| Net Position - Ending | \$ | 6,221,347 | \$ | 571,927 | \$ | 6,793,274 |

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, 2021**

| | MAJOR FUNDS | | | | TOTAL |
|---|----------------------|----------------------------|-----------------------------|-------------------------|-----------------------|
| | GENERAL FUND | SPECIAL REVENUE FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | GOVERNMENTAL FUNDS |
| ASSETS | | | | | |
| Cash & Cash Equivalents | \$ 13,761,238 | 1,096,678 | \$ 722,317 | \$ 696,979 | \$ 16,277,212 |
| Receivables, Net: | | | | | |
| Interfund Receivable | - | - | - | 1,326 | 1,326 |
| Due from Other Governments: | | | | | |
| Federal | - | 658,206 | - | - | 658,206 |
| State | 2,974,670 | 3,572 | - | - | 2,978,242 |
| Local | - | 96,992 | - | - | 96,992 |
| Other Receivables | 198,959 | - | - | - | 198,959 |
| Restricted Cash & Cash Equivalents | 8,629,855 | - | - | - | 8,629,855 |
| Total Assets | <u>\$ 25,564,722</u> | <u>\$ 1,855,448</u> | <u>\$ 722,317</u> | <u>\$ 698,305</u> | <u>\$ 28,840,792</u> |
| LIABILITIES & FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 2,244,321 | \$ 107,623 | \$ - | \$ - | \$ 2,351,944 |
| Intergovernmental Payable: | | | | | |
| Federal | - | 219,760 | - | - | 219,760 |
| State | - | 96,992 | - | - | 96,992 |
| Interfund Payable | - | - | 1,326 | - | 1,326 |
| Unearned Revenue | 202,582 | 275,607 | - | - | 478,189 |
| Unemployment Trust Liability | 52,881 | - | - | - | 52,881 |
| Payroll Deductions and Withholdings | 4,894,492 | - | - | - | 4,894,492 |
| Accrued Salaries and Wages | - | 278 | - | - | 278 |
| Total Liabilities | <u>7,394,276</u> | <u>700,260</u> | <u>1,326</u> | <u>-</u> | <u>8,095,862</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Capital Reserve | 3,858,138 | - | - | - | 3,858,138 |
| Maintenance Reserve | 2,060,533 | - | - | - | 2,060,533 |
| Legal Reserve | 2,289,240 | - | - | - | 2,289,240 |
| Unemployment Reserve | 421,944 | - | - | - | 421,944 |
| Student Activities | - | 538,127 | - | - | 538,127 |
| Scholarship | - | 617,061 | - | - | 617,061 |
| Excess Surplus | 399,674 | - | - | - | 399,674 |
| Excess Surplus Designated | | | | | |
| for Subsequent Year | 989,299 | - | - | - | 989,299 |
| Capital Projects | - | - | 424,525 | - | 424,525 |
| Debt Service | - | - | - | 698,305 | 698,305 |
| Assigned to: | | | | | |
| Other Purposes | 2,048,734 | - | 296,466 | - | 2,345,200 |
| Unassigned | 6,102,884 | - | - | - | 6,102,884 |
| Total Fund Balances | <u>18,170,446</u> | <u>1,155,188</u> | <u>720,991</u> | <u>698,305</u> | <u>20,744,930</u> |
| Total Liabilities & Fund Balances | <u>\$ 25,564,722</u> | <u>\$ 1,855,448</u> | <u>\$ 722,317</u> | <u>\$ 698,305</u> | |
| Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because: | | | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$209,974,180 and the accumulated depreciation is \$121,385,141. | | | | | |
| | | | | | 88,589,039 |
| 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 | | | | | 4,539,262 |
| Deferred Inflows Related to Pensions | | | | | (16,308,603) |
| Deferred Outflow Related to the Loss on Bond Refunding of Debt | | | | | 1,923,515 |
| 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. | | | | | |
| | | | | | (440,929) |
| Accrued pension contributions for the June 30, 2021 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. | | | | | |
| | | | | | (2,041,426) |
| Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | | | | |
| | | | | | (90,784,441) |
| Net Position of Governmental Activities | | | | | <u>\$ 6,221,347</u> |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

| | MAJOR FUNDS | | | | TOTAL |
|--|-----------------|----------------------------|-----------------------------|-------------------------|-----------------------|
| | GENERAL FUND | SPECIAL REVENUE FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | GOVERNMENTAL FUNDS |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 147,549,892 | \$ - | \$ - | \$ 5,642,206 | \$ 153,192,098 |
| Tuition Charges | 541,805 | - | - | - | 541,805 |
| Miscellaneous | 1,069,276 | 356,579 | - | 1,326 | 1,427,181 |
| Total Local Sources | 149,160,973 | 356,579 | - | 5,643,532 | 155,161,084 |
| State Sources | 51,999,696 | 1,258,530 | - | 1,414,012 | 54,672,238 |
| Federal Sources | 177,422 | 4,349,517 | - | - | 4,526,939 |
| Total Revenues | 201,338,091 | 5,964,626 | - | 7,057,544 | 214,360,261 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular Instruction | 58,958,940 | 3,302,107 | - | - | 62,261,047 |
| Special Education Instruction | 18,876,189 | - | - | - | 18,876,189 |
| Other Instruction | 2,063,330 | - | - | - | 2,063,330 |
| Support Services: | | | | | |
| Tuition | 4,685,140 | - | - | - | 4,685,140 |
| Attendance & Social Work Services | 295,431 | - | - | - | 295,431 |
| Health Services | 2,334,996 | - | - | - | 2,334,996 |
| Student & Instruction Related Services | 13,042,474 | 2,274,811 | - | - | 15,317,285 |
| General Administrative | 2,235,802 | - | - | - | 2,235,802 |
| School Administrative Services | 6,488,943 | - | - | - | 6,488,943 |
| Central Services | 1,484,385 | - | - | - | 1,484,385 |
| Administrative Information Technology | 800,600 | - | - | - | 800,600 |
| Plant Operations & Maintenance | 14,358,891 | - | - | - | 14,358,891 |
| Pupil Transportation | 10,579,649 | - | - | - | 10,579,649 |
| Unallocated Benefits | 24,699,855 | - | - | - | 24,699,855 |
| On Behalf TPAF Pension and Social Security Contributions | 33,501,770 | - | - | - | 33,501,770 |
| Capital Outlay | 1,035,409 | 404,368 | 7,570 | - | 1,447,347 |
| Debt Service: | | | | | |
| Principal | - | - | - | 5,061,917 | 5,061,917 |
| Interest & Other Charges | 27,200 | - | - | 1,323,916 | 1,351,116 |
| Total Expenditures | 195,469,004 | 5,981,286 | 7,570 | 6,385,833 | 207,843,693 |
| Excess/(Deficiency) of Revenues Over Expenditures | 5,869,087 | (16,660) | (7,570) | 671,711 | 6,516,568 |
| Net Changes in Fund Balances | 5,869,087 | (16,660) | (7,570) | 671,711 | 6,516,568 |
| Fund Balance, July 1 (As Restated, Note 19) | 12,301,359 | 1,171,848 | 728,561 | 26,594 | 14,228,362 |
| Fund Balance, June 30 | \$ 18,170,446 | \$ 1,155,188 | \$ 720,991 | \$ 698,305 | \$ 20,744,930 |

**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, 2021**

| | |
|---|-----------------------------|
| Total Net Changes in Fund Balances - Governmental Funds (B-2) | \$ 6,516,568 |
| 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 | (5,861,869) |
| Loss on Disposal of Capital Asset | (3,407) |
| Capital Asset Additions | <u>1,072,057</u> |
| | (4,793,219) |
| 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. | 2,550,606 |
| 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. | 5,825,000 |
| Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows: | |
| 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 (+). | 195,125 |
| 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 (+). | <u>96,655</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 10,948,964</u></u> |

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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, 2021**

| | MAJOR FUNDS BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE |
|----------------------------------|---|
| ASSETS | |
| Current Assets: | |
| Accounts Receivable: | |
| Federal | \$ 168,116 |
| State | 14,754 |
| Other Receivables | 8,974 |
| | <hr/> |
| Total Current Assets | 191,844 |
| | <hr/> |
| Noncurrent Assets: | |
| Capital Assets | 1,283,932 |
| Less: Accumulated Depreciation | (615,546) |
| | <hr/> |
| Total Capital Assets, Net | 668,386 |
| | <hr/> |
| Total Noncurrent Assets | 668,386 |
| | <hr/> |
| Total Assets | 860,230 |
| | <hr/> |
| LIABILITIES | |
| Current Liabilities: | |
| Cash Deficit | 22,610 |
| Accounts Payable | 133,945 |
| Unearned Revenue | 131,494 |
| Other Current Liabilities | 254 |
| | <hr/> |
| Total Current Liabilities | 288,303 |
| | <hr/> |
| NET POSITION | |
| Net Investment in Capital Assets | 668,386 |
| Unrestricted | (96,459) |
| | <hr/> |
| Total Net Position | \$ 571,927 |
| | <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, 2021**

| | MAJOR FUNDS BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE |
|---|---|
| Operating Revenues: | |
| Charges for Services: | |
| Daily Sales - Non-Reimbursable Programs | \$ 121 |
| Total Operating Revenues | 121 |
| Operating Expenses: | |
| Cost of Sales - Reimbursable Programs | 597,901 |
| Salaries | 406,352 |
| Supplies and Materials | 25,070 |
| Depreciation | 66,811 |
| Management and Administrative Fees | 318,529 |
| Other | 44,861 |
| Total Operating Expenses | 1,459,524 |
| Operating Income/(Loss) | (1,459,403) |
| Nonoperating Revenues (Expenses): | |
| State Sources: | |
| State School Lunch Program | 54,928 |
| Federal Sources: | |
| National School Lunch Program | 1,000,152 |
| National School Breakfast Program | 371,414 |
| Food Distribution Program | 11,430 |
| Interest Revenue | 6 |
| Total Nonoperating Revenues/(Expenses) | 1,437,930 |
| Change in Net Position | (21,473) |
| Total Net Position - Beginning | 593,400 |
| Total Net Position - Ending | \$ 571,927 |

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, 2021**

| | <u>MAJOR FUNDS</u> <u>BUSINESS-TYPE</u> <u>ACTIVITIES -</u> <u>ENTERPRISE</u> <u>FUNDS</u> <u>FOOD</u> <u>SERVICE</u> |
|---|--|
| Cash Flows From Operating Activities: | |
| Receipts from Customers | \$ (169,473) |
| Payments to Suppliers | <u>(868,936)</u> |
| Net Cash Provided by/(Used for) Operating Activities | <u>(1,444,761)</u> |
| Cash Flows From Noncapital Financing Activities: | |
| Interest | 6 |
| State Sources | 54,928 |
| Federal Sources | <u>1,371,566</u> |
| Net Cash Provided by/(Used for) Noncapital Financing Activities | <u>1,426,500</u> |
| Cash Flows From Capital & Related Financing Activities: | |
| Purchases of Capital Assets | <u>(14,754)</u> |
| Net Cash Provided by/(Used for) Capital & Related Financing Activities | <u>(14,754)</u> |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (33,015) |
| Balances - Beginning of Year | <u>10,405</u> |
| Balances - End of Year | <u><u>\$ (22,610)</u></u> |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities: | |
| Operating Income/(Loss) | \$ (1,459,403) |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities: | |
| Depreciation | 66,811 |
| Food Distribution Program | 11,430 |
| (Increase)/Decrease in Accounts Receivable, Net | (158,006) |
| Increase/(Decrease) in Other Current Liabilities | 144 |
| Increase/(Decrease) in Unearned Revenue | (11,588) |
| Increase/(Decrease) in Accounts Payable | <u>105,851</u> |
| Total Adjustments | <u>14,642</u> |
| Net Cash Provided/(Used) by Operating Activities | <u><u>\$ (1,444,761)</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, 2021

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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021 of 9,053 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, 2021.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (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, 2021 (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, 2021 (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, 2021 (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, 2021 (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, 2021 (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, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition value. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

| Description | Governmental Activities Estimated Lives | Business-Type Activities Estimated Lives |
|---------------------------|---|--|
| Land Improvements | 10-20 Years | N/A |
| Building and improvements | 10-50 Years | N/A |
| Furniture and Equipment | 5-20 Years | 5-12 Years |
| Vehicles | 5-10 Years | 4-6 Years |

Compensated Absences

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

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (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, 2021 (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, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

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

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

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

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 11, 2022, 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, 2021 (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, 2021:

For the year June 30, 2021 the District implemented GASB Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the District's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the District's financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the District's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The District is still determining the effect of this Statement.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District is still determining the effect of this Statement.

Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021. The District is still determining the effect of this Statement.

Statement No. 98, *The Annual Comprehensive Financial Report*. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The District has chosen to adopt the requirements of this Statement early.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Property Tax Information

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

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the School District's bank balance of \$26,393,557 was exposed to custodial credit risk as follows:

| | |
|--------------------------------|-----------------------------|
| Insured under FDIC and GUDPA | \$ 19,732,434 |
| Uninsured and Uncollateralized | <u>6,661,123</u> |
| Total | <u><u>\$ 26,393,557</u></u> |

Investments

The School District had no investments at June 30, 2021.

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, 2021 (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, 2020 to June 30, 2021 fiscal year is as follows:

| | |
|---------------------------------|----------------------------|
| Beginning Balance, July 1, 2020 | \$ 2,354,491 |
| Increased by: | |
| Interest Earnings | 3,647 |
| Deposits Approved by Board | <u>2,167,653</u> |
| | 4,525,791 |
| Decreased by: | |
| Budget Withdrawals | <u>667,653</u> |
| Ending Balance, June 30, 2021 | <u><u>\$ 3,858,138</u></u> |

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects at June 30, 2021 is \$104,631,989. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

Maintenance Reserve

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

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 3. Reserve Accounts (Continued)

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

| | |
|---------------------------------|----------------------------|
| Beginning Balance, July 1, 2020 | \$ 1,060,533 |
| Increased by: | |
| Deposits Approved by Board | <u>1,250,000</u> |
| | 2,310,533 |
| Decreased by: | |
| Budget Withdrawals | <u>250,000</u> |
| Ending Balance, June 30, 2021 | <u><u>\$ 2,060,533</u></u> |

Legal Reserve

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

| | |
|---------------------------------|----------------------------|
| Beginning Balance, July 1, 2020 | \$ 2,289,240 |
| Increased by: | |
| Deposits Approved by Board | <u>-</u> |
| Ending Balance, June 30, 2021 | <u><u>\$ 2,289,240</u></u> |

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, 2020 to June 30, 2021 fiscal year is as follows:

| | |
|--|--------------------------|
| Beginning Balance, July 1, 2020 (Restated) | \$ 421,128 |
| Increased by: | |
| Interest Earnings | <u>816</u> |
| Ending Balance, June 30, 2021 | <u><u>\$ 421,944</u></u> |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 4. Accounts Receivable

Accounts receivable at June 30, 2021 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, 2021, 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 | \$ - | \$ 658,206 | \$ 658,206 |
| State Awards | 2,974,670 | 3,572 | 2,978,242 |
| Local Awards | - | 96,992 | 96,992 |
| Tuition/Other | 198,959 | - | 198,959 |
| Total | \$ 3,173,629 | \$ 758,770 | \$ 3,932,399 |

| <u>Description</u> | <u>Proprietary Funds</u> | |
|--------------------|--------------------------|---------------------------------------|
| | <u>Food Service Fund</u> | <u>Total Business-Type Activities</u> |
| Federal Awards | \$ 168,116 | \$ 168,116 |
| State Awards | 14,754 | 14,754 |
| Other | 8,974 | 8,974 |
| Total | \$ 191,844 | \$ 191,844 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

| | Governmental Activities | | | |
|--|-----------------------------------|------------------|------------------------------|------------------------------------|
| | Balance July 1, <u>2020</u> | <u>Additions</u> | Retirements and Transfers | Balance June 30, <u>2021</u> |
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 16,909,500 | \$ - | \$ - | \$ 16,909,500 |
| Construction in Progress | 1,585,479 | 227,511 | (1,487,053) | 325,937 |
| Total Capital Assets not being depreciated | 18,494,979 | 227,511 | (1,487,053) | 17,235,437 |
| Capital Assets being depreciated: | | | | |
| Land Improvements | 9,588,403 | 24,766 | - | 9,613,169 |
| Buildings and Improvements | 169,246,619 | 313,214 | 1,487,053 | 171,046,886 |
| Equipment | 11,598,422 | 506,566 | (26,300) | 12,078,688 |
| Total Capital Assets being depreciated | 190,433,444 | 844,546 | 1,460,753 | 192,738,743 |
| Less: Accumulated Depreciation: | | | | |
| Land Improvements | (5,325,281) | (362,101) | - | (5,687,382) |
| Buildings and Improvements | (103,999,911) | (4,940,834) | - | (108,940,745) |
| Equipment | (6,220,973) | (558,934) | 22,893 | (6,757,014) |
| Total Accumulated Depreciation | (115,546,165) | (5,861,869) | 22,893 | (121,385,141) |
| Total Capital Assets being depreciated, net | 74,887,279 | (5,017,323) | 1,483,646 | 71,353,602 |
| Total Governmental Activities Capital Assets, net | \$ 93,382,258 | \$ (4,789,812) | \$ (3,407) | \$ 88,589,039 |
| | | | | |
| | Business-Type Activities | | | |
| | Balance July 1, <u>2020</u> | <u>Additions</u> | Retirements and Transfers | Balance June 30, <u>2021</u> |
| Business-Type Activities: | | | | |
| Buildings | \$ 414,448 | \$ - | \$ - | \$ 414,448 |
| Equipment | 854,730 | 14,754 | - | 869,484 |
| Total Capital Assets being depreciated | 1,269,178 | 14,754 | - | 1,283,932 |
| Less: Accumulated Depreciation: | | | | |
| Buildings | (61,572) | (20,722) | - | (82,294) |
| Equipment | (487,163) | (48,142) | 2,053.00 | (533,252) |
| Total Capital Assets being depreciated, net | (548,735) | (68,864) | 2,053.00 | (615,546) |
| Total Business-Type Activities Capital Assets, net | \$ 720,443 | \$ (54,110) | \$ 2,053.00 | \$ 668,386 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 5. Capital Assets (Continued)

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

Governmental Activities

Instruction:

| | |
|-------------------------------|--------------|
| Regular Instruction | \$ 2,574,141 |
| Special Education Instruction | 780,423 |
| Other Instruction | 85,307 |

Support Services:

| | |
|--|---------|
| Tuition | 193,704 |
| Student & Instruction Related Services | 742,036 |
| General Administrative | 92,438 |
| School Administrative Services | 268,281 |
| Central Services | 61,371 |
| Administrative Info. Technology | 33,100 |
| Plant Operations & Maintenance | 593,659 |
| Pupil Transportation | 437,409 |

| | | |
|--|----|-----------|
| Total Depreciation Expense - Governmental Activities | \$ | 5,861,869 |
|--|----|-----------|

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2021 are as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-----------------------|----------------------------------|-------------------------------|
| Capital Projects Fund | \$ - | \$ 1,326 |
| Debt Service Fund | 1,326 | - |
| | <u>\$ 1,326</u> | <u>\$ 1,326</u> |

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

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations for the governmental and business-type activities:

| | Balance July 1, 2020 | Additions | Reductions | Balance June 30, 2021 | Balance Due Within One Year |
|--------------------------|-------------------------|----------------------|----------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 47,075,000 | \$ - | \$ 5,070,000 | \$ 42,005,000 | \$ 4,860,000 |
| Capital Leases | 9,650,000 | - | 755,000 | 8,895,000 | 590,000 |
| Unamortized Bond | | | | | |
| Premiums | 6,706,614 | - | 735,426 | 5,971,188 | 735,426 |
| Compensated Absences | 4,564,807 | 33,298 | 129,953 | 4,468,152 | - |
| Net Pension Liability | 35,735,896 | 16,426,056 | 22,716,851 | 29,445,101 | - |
| | <u>\$ 103,732,317</u> | <u>\$ 16,459,354</u> | <u>\$ 29,407,230</u> | <u>\$ 90,784,441</u> | <u>\$ 6,185,426</u> |

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

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

During June 2020, the School District issued \$24,240,000 of Refunding Bonds to refund the callable portion of the outstanding 2010 Bond Issue. The Refunding Bonds generated \$4,869,050 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$4,754,481.50, or a net annual present value savings of 2.5056%. The Refunding Bonds were issued at an interest rate of 5.00% and mature on August 1, 2027.

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

During January 2013, the School District issued \$7,767,000 of Refunding Bonds to refund the callable portion of the outstanding 2002 Bond Issue. The Refunding Bonds generated \$764,846 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$653,867, or a net annual present value savings of 2.1120%. The Refunding Bonds were issued at interest rates varying from 1.50% to 4.00% and mature on August 1, 2027.

During May 2010, the School District issued \$55,665,000 of Refunding Bonds to refund the callable portion of the outstanding 2001 Bond Issue. The Refunding Bonds generated \$8,413,160 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$6,417,302, or a net annual present value savings of 3.2880%. The Refunding Bonds were issued at interest rates varying from 2.50% to 5.00% and were refunded in June 2020.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 7. Long-Term Obligations (Continued)

| Fiscal Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2022 | \$ 4,860,000 | \$ 1,603,243 | \$ 6,463,243 |
| 2023 | 5,080,000 | 1,398,917 | 6,478,917 |
| 2024 | 5,295,000 | 1,188,705 | 6,483,705 |
| 2025 | 5,530,000 | 973,571 | 6,503,571 |
| 2026 | 5,765,000 | 741,525 | 6,506,525 |
| 2026-2030 | 15,475,000 | 814,825 | 16,289,825 |
| | <u>\$ 42,005,000</u> | <u>\$ 6,720,786</u> | <u>\$ 48,725,786</u> |

Capital Lease Payable

The School District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to fifteen years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2021:

| Fiscal Year Ending <u>June 30,</u> | <u>Total</u> |
|---|---------------------|
| 2022 | \$ 885,314 |
| 2023 | 905,726 |
| 2024 | 819,810 |
| 2025 | 841,052 |
| 2026 | 860,966 |
| 2027-2031 | 4,655,275 |
| 2032-2033 | <u>2,030,143</u> |
| Total Minimum Lease Payments | 10,998,286 |
| Less: Amount Representing Interest | <u>(2,103,286)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 8,895,000</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, 2021, the School District had no bonds authorized but not issued.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, 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, 2021 (Continued)

Note 8. Pension Plans (Continued)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the School District reported a liability of \$29,445,101 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The School District's proportion measured as of June 30, 2020, was 0.1805629863%, which was a decrease of 0.0177661202% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$(559,631) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021 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 | \$ 536,147 | \$ 104,131 |
| Changes of Assumptions | 955,232 | 12,328,942 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,006,457 | - |
| Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions | - | 3,875,530 |
| School District contributions subsequent to measurement date | 2,041,426 | - |
| | <u>\$ 4,539,262</u> | <u>\$ 16,308,603</u> |

\$2,041,426 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2020-2021 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

| Year Ending June 30, | |
|---------------------------------|-----------------|
| 2021 | \$ (4,400,078) |
| 2022 | (3,940,145) |
| 2023 | (3,275,355) |
| 2024 | (1,902,797) |
| 2025 | (292,392) |
| | \$ (13,810,767) |

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

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| Changes in Proportion and Differences between District Contributions | | |
| Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

| | |
|--|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00 - 6.00% Based on Years of Service |
| Thereafter | 3.00 - 7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate of Return: | |
| PERS | Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020 |
| Period of Actuarial Experience | |
| Study upon which Actuarial Assumptions were Based | July 1, 2014 - June 30, 2018 |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (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% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, 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 | \$ 37,357,939 | \$ 29,445,101 | \$ 23,158,848 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

| | <u>6/30/2021</u> | <u>6/30/2020</u> |
|---|------------------|------------------|
| Collective Deferred Outflows of Resources | \$ 2,347,583,337 | \$ 3,149,522,616 |
| Collective Deferred Inflows of Resources | 7,645,087,574 | 7,645,087,574 |
| Collective Net Pension Liability | 18,143,832,135 | 18,143,832,135 |
| School District's portion | 0.18056% | 0.19833% |

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, 2021 (Continued)

Note 8. Pension Plans (Continued)

Contributions - The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2021 was \$464,149,588. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.7048717835%, which was a decrease of 0.0161822678% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$28,862,798 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, 2020 measurement date.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Actuarial Assumptions –The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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: | |
| 2012-2026 | 1.55% - 4.45% |
| Thereafter | 1.55% - 4.45% |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the 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-2020.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (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% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – 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 5.40% 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, 2021 (Continued)

Note 8. Pension Plans (Continued)

| | At 1% Decrease (4.40%) | At Current Discount Rate (5.40%) | At 1% Increase (6.40%) |
|--|---------------------------------------|---|---------------------------------------|
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District | \$ 545,198,050 | \$ 464,149,588 | \$ 396,852,444 |

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

| | <u>6/30/2021</u> | <u>6/30/2020</u> |
|--|------------------|-------------------|
| Collective Deferred Outflows of Resources | \$ 9,626,548,228 | \$ 10,129,162,237 |
| Collective Deferred Inflows of Resources | 14,591,988,841 | 17,736,240,054 |
| Collective Net Pension Liability | 65,993,498,688 | 61,519,112,443 |
| State's Proportionate Share associated with the District | 0.70487% | 0.72105% |

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, 2021 (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, 2021, employee contributions totaled \$214,232 and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$141,380.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

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

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | | | |
|-----------------------|--|--|--------------------------------|
| Inflation Rate | 2.50% | | |
| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
| Salary Increases: | | | |
| Through 2026 | 1.55 - 4.45% based on years of service | 2.00 - 6.00% based on years of service | 3.25 - 15.25% based on age |
| Thereafter | 1.55 - 4.45% based on years of service | 3.00 - 7.00% based on years of service | Applied to all future years |

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2020 was \$462,687,999. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.6823304146%, which was a decrease of 0.0073294911% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$22,225,871 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, 2020 measurement date.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2020, 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, 2020 | | |
|--|-----------------------------------|-------------------------------------|-----------------------------------|
| | At 1% Decrease (1.21%) | At Discount Rate (2.21%) | At 1% Increase (3.21%) |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 557,794,265 | \$ 462,687,999 | \$ 388,324,059 |
| State of New Jersey's Total Nonemployer OPEB Liability | \$ 81,748,410,002 | \$ 67,809,962,608 | \$ 56,911,439,160 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (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, 2020, 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, 2020 | | |
|-----------------------------------|----|---------------------------|-------------------------------|---------------------------|
| | | At 1% Decrease (3.50%) | Healthcare cost Trend Rate | At 1% Increase (5.50%) |
| State of New Jersey's | | | | |
| Proportionate Share of Total OPEB | | | | |
| Obligations Associated with | | | | |
| the School District | \$ | 373,497,356 | \$ 462,687,999 | \$ 568,894,232 |
| State of New Jersey's | | | | |
| Total Nonemployer OPEB | | | | |
| Liability | \$ | 54,738,488,540 | \$ 67,809,962,608 | \$ 83,375,182,975 |

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between Expected & Actual Experience | \$ 10,295,318,750 | \$ (9,170,703,615) |
| Change in Assumptions | 11,534,251,250 | (7,737,500,827) |
| Contributions Made in Fiscal Year Year Ending 2021 After June 30, 2020 Measurement Date ** | TBD | - |
| | <u>\$ 21,829,570,000</u> | <u>\$ (16,908,204,442)</u> |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (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, | |
|--------------------------------|-------------------------|
| 2021 | \$ 43,440,417 |
| 2022 | 43,440,417 |
| 2023 | 43,440,417 |
| 2024 | 43,440,417 |
| 2025 | 43,440,417 |
| Thereafter | 4,704,163,473 |
| | <u>\$ 4,921,365,558</u> |

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

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

| | June 30, 2019 |
|--|----------------|
| Active Plan Members | 216,804 |
| Inactive Plan Members or Beneficiaries | |
| Currently Receiving Benefits | 149,304 |
| | <u>366,108</u> |

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

| | |
|---|------------------------|
| Total OPEB Liability | |
| Service Cost | \$ 1,790,973,822 |
| Interest Cost | 1,503,341,357 |
| Difference Between Expected & Actual Experience | 11,544,750,637 |
| Changes of Assumptions | 12,386,549,981 |
| Contributions: Member | 35,781,384 |
| Gross Benefit Payments | <u>(1,180,515,618)</u> |
| Net Change in Total OPEB Liability | 26,080,881,563 |
| Total OPEB Liability (Beginning) | <u>41,729,081,045</u> |
| Total OPEB Liability (Ending) | <u>67,809,962,608</u> |
| Total Covered Employee Payroll | 14,267,738,657 |
| Net OPEB Liability as a Percentage of Payroll | 475% |

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, 2021, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$21,210,037, \$6,646,895 and \$12,038, respectively.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 11. Risk Management

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

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending unemployment claims fund balance and/or unemployment trust liability of the School District for the current year and previous two years.

| Fiscal Year | | | | | Ending Balance | |
|-------------|-----------------|---------------|------------|------------|----------------|-----------------|
| | | | | | Restricted | Unemployment |
| | School District | Employee | Amount | | Unemployment | Unemployment |
| | Contributions | Contributions | Reimbursed | | Fund Balance | Trust Liability |
| 2021 | \$ 816 | \$ 146,707 | \$ 93,826 | \$ 421,944 | \$ 52,881 | |
| 2020 | - | 149,317 | 124,144 | 421,128 | - | |
| 2019 | - | 156,295 | 189,786 | 395,955 | - | |

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, 2021 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, 2021 (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 |
| AXA 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, 2021, the liability for compensated absences reported was \$4,468,152.

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, 2021 (Continued)

Note 15. Tax Abatements (Continued)

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

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was \$399,674.

Note 17. Fund Balances

General Fund – Of the \$18,170,446 General Fund fund balance at June 30, 2021, \$3,858,138 has been restricted for the Capital Reserve Account; \$2,060,533 has been restricted for the Maintenance Reserve Account; \$2,289,240 has been restricted for legal reserve; \$399,674 has been restricted for current year excess surplus; \$989,299 has been restricted for excess surplus designated for subsequent year expenditures; \$2,048,734 has been assigned to other purposes; and \$6,102,884 has been unassigned.

Special Revenue Fund – Of the \$1,155,188 Special Revenue Fund fund balance at June 30, 2021, \$538,127 is restricted for Student Activities and \$617,061 is restricted for Scholarships.

Capital Projects Fund – Of the \$720,991 Capital Projects Fund fund balance at June 30, 2021, \$424,525 is restricted for future capital projects approved by the School District and \$296,466 has been assigned to other purposes.

Debt Service Fund – Of the \$698,305 Debt Service Fund fund balance at June 30, 2021, \$698,305 is restricted for future debt service payments.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$39,716,865 at June 30, 2021. 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, 2021. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 19. Prior Period Adjustment/Restatement of Fund Balance and Net Position

Net Position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

| | |
|---|------------------------------|
| Net Position as previously reported at June 30, 2020 | \$ (6,320,593) |
| Prior Period Adjustment- Implementation of GASB 84: | |
| Restricted Fund Balance-Unemployment | 421,128 |
| Restricted Fund Balance-Student Activities | 555,408 |
| Restricted Fund Balance- Scholarship | <u>616,440</u> |
| Total Prior Period Adjustment | <u>1,592,976</u> |
| Net Position as restated, July 1, 2020 | <u><u>\$ (4,727,617)</u></u> |

Fund Balance in the General Fund and the Special Revenue Fund as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-----------------------------|--|
| Fund Balance as previously reported at June 30, 2020 | \$ 11,880,231 | \$ - |
| Prior Period Adjustment- Implementation of GASB 84: | | |
| Restricted Fund Balance-Unemployment | 421,128 | - |
| Restricted Fund Balance-Student Activities | - | 555,408 |
| Restricted Fund Balance- Scholarship | <u>-</u> | <u>616,440</u> |
| Total Prior Period Adjustment | <u>421,128</u> | <u>1,171,848</u> |
| Fund Balance as restated, July 1, 2020 | <u><u>\$ 12,301,359</u></u> | <u><u>\$ 1,171,848</u></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, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|--|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | 10-1210 | \$ 147,549,892 | \$ - | \$ 147,549,892 | \$ - |
| Tuition From LEAs Within State | 10-1320 | 400,000 | - | 400,000 | (65,594) |
| Tuition From Other Sources | 10-1340 | 200,000 | - | 200,000 | 7,399 |
| Transportation Fees from Other LEA's | 10-1420 | 800,000 | - | 800,000 | 16,363 |
| Interest | 10-1510 | 160,000 | - | 160,000 | (113,662) |
| Rents and Royalties | 10-1910 | 30,000 | - | 30,000 | (15,748) |
| Miscellaneous | 10-1950 | 210,000 | - | 210,000 | (17,677) |
| Total Local Sources | | 149,349,892 | - | 149,349,892 | (188,919) |
| State Sources: | | | | | |
| Categorical Transportation Aid | 10-3121 | 3,160,000 | - | 3,160,000 | - |
| Extraordinary Aid | 10-3131 | 1,500,000 | - | 1,500,000 | 997,562 |
| Categorical Special Education Aid | 10-3132 | 7,019,398 | - | 7,019,398 | - |
| Equalization Aid | 10-3176 | 966,925 | - | 966,925 | - |
| Categorical Security Aid | 10-3177 | 861,307 | - | 861,307 | - |
| Adjustment Aid | 10-3178 | 3,727,008 | - | 3,727,008 | - |
| Other Unrestricted State Aid | 10-3190 | - | - | 178,772 | 178,772 |
| Nonbudgeted: | | | | | |
| TPAF - Post Retirement Medical (Noncash Assistance) | | - | - | 6,646,895 | 6,646,895 |
| TPAF - Pension Contributions (Noncash Assistance) | | - | - | 21,210,037 | 21,210,037 |
| TPAF - Long-Term Disability Insurance (Noncash Assistance) | | - | - | 12,038 | 12,038 |
| Reimbursed TPAF Social Security Contributions | | - | - | 5,632,800 | 5,632,800 |
| Total State Sources | | 17,234,638 | - | 17,234,638 | 34,678,104 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 10-4200 | 222,510 | - | 222,510 | (45,088) |
| Total Federal Sources | | 222,510 | - | 222,510 | (45,088) |
| Total Revenues | | 166,807,040 | - | 166,807,040 | 34,444,097 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | 11-110-100-101 | 2,465,183 | (49,778) | 2,415,405 | 29,960 |
| Grades 1-5 - Salaries of Teachers | 11-120-100-101 | 18,850,701 | (968,688) | 17,882,013 | 99,283 |
| Unused Sick Payment to Retired/Terminated Staff | 11-120-100-299 | - | 41,888 | 41,888 | - |
| Grades 6-8 - Salaries of Teachers | 11-130-100-101 | 13,418,121 | (338,403) | 13,079,718 | 124,554 |
| Grades 9-12 - Salaries of Teachers | 11-140-100-101 | 16,298,102 | (319,148) | 15,978,954 | 173,435 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 11-150-100-101 | 170,000 | (100,000) | 70,000 | 13,269 |
| Purchased Professional - Educational Services | 11-150-100-320 | 78,831 | (25,000) | 53,831 | 45,234 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 11-190-100-106 | 1,927,280 | (88,692) | 1,838,588 | - |
| Purchased Professional - Educational Services | 11-190-100-320 | 2,163,943 | 1,026,726 | 3,190,669 | 308,426 |
| Purchased Technical Services | 11-190-100-340 | 394,235 | 39,677 | 433,912 | 18,797 |
| Other Purchased Services | 11-190-100-500 | 89,670 | (70,000) | 19,670 | 18,535 |
| General Supplies | 11-190-100-610 | 2,895,133 | 958,484 | 3,853,617 | 782,895 |
| Textbooks | 11-190-100-640 | 1,642,376 | 300,939 | 1,943,315 | 228,252 |
| Total Regular Programs - Instruction | | 60,393,575 | 408,005 | 60,801,580 | 1,842,640 |
| Special Education - Instruction: | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of Teachers | 11-204-100-101 | 1,657,585 | (311,535) | 1,346,050 | 136,221 |
| Other Salaries for Instruction | 11-204-100-106 | 854,018 | 974 | 854,992 | 21,813 |
| Unused Sick Pay to Staff | 11-204-100-299 | - | 18,392 | 18,392 | - |
| Purchased Professional - Educational Services | 11-204-100-320 | 82,000 | 103,918 | 185,918 | 52,233 |
| General Supplies | 11-204-100-610 | 16,195 | - | 16,195 | 10,380 |
| Textbooks | 11-204-100-640 | 3,000 | (3,000) | - | - |
| Total Learning and/or Language Disabilities | | 2,612,798 | (191,251) | 2,421,547 | 220,647 |
| Behavioral Disabilities: | | | | | |
| Salaries of Teachers | 11-209-100-101 | 645,221 | 98,237 | 743,458 | - |
| Other Salaries for Instruction | 11-209-100-106 | 419,767 | (68,862) | 350,905 | - |
| Purchased Professional - Educational Services | 11-209-100-320 | 39,000 | (19,306) | 19,694 | - |
| General Supplies | 11-209-100-610 | 5,000 | (4,191) | 809 | - |
| Textbooks | 11-209-100-640 | 1,000 | (1,000) | - | - |
| Other Objects | 11-209-100-800 | 3,000 | (3,000) | - | - |
| Total Behavioral Disabilities | | 1,112,988 | 1,878 | 1,114,866 | - |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 11-212-100-101 | 476,352 | 12,180 | 488,532 | 488,148 |
| Other Salaries for Instruction | 11-212-100-106 | 876,190 | (140,683) | 735,507 | 708,341 |
| Purchased Professional - Educational Services | 11-212-100-320 | 47,000 | (19,479) | 27,521 | 19,269 |
| General Supplies | 11-212-100-610 | 5,000 | - | 5,000 | 2,611 |
| Textbooks | 11-212-100-640 | 2,000 | (2,000) | - | - |
| Other Objects | 11-212-100-800 | 10,000 | (10,000) | - | - |
| Total Multiple Disabilities | | 1,416,542 | (159,982) | 1,256,560 | 1,218,369 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 11-213-100-101 | 10,606,621 | 216,266 | 10,822,887 | 10,316,058 |
| Other Salaries | 11-213-100-106 | 403,535 | (70,000) | 333,535 | 324,345 |
| Purchased Professional - Educational Services | 11-213-100-320 | 200,000 | (8,241) | 191,759 | 177,211 |
| General Supplies | 11-213-100-610 | 45,281 | (35,000) | 10,281 | 2,674 |
| Textbooks | 11-213-100-640 | 3,000 | (3,000) | - | - |
| Total Resource Room/Resource Center | | 11,258,437 | 100,025 | 11,358,462 | 10,820,288 |
| Autism: | | | | | |
| Salaries of Teachers | 11-214-100-101 | 769,208 | 99,406 | 868,614 | 868,614 |
| Other Salaries for Instruction | 11-214-100-106 | 1,150,424 | (159,962) | 990,462 | 956,624 |
| Purchased Professional - Educational Services | 11-214-100-320 | 30,000 | 3,088 | 33,088 | 33,088 |
| General Supplies | 11-214-100-610 | 5,000 | 1,000 | 6,000 | 1,897 |
| Textbooks | 11-214-100-640 | 500 | (500) | - | - |
| Other Objects | 11-214-100-800 | 4,000 | (4,000) | - | - |
| Total Autism | | 1,959,132 | (60,968) | 1,898,164 | 1,860,223 |
| Preschool Disabilities - Full-Time: | | | | | |
| Salaries of Teachers | 11-216-100-101 | 944,513 | 222,361 | 1,166,874 | 1,166,874 |
| Other Salaries for Instruction | 11-216-100-106 | 372,292 | 21,985 | 394,277 | 394,277 |
| Purchased Professional - Educational Services | 11-216-100-320 | 28,000 | (6,300) | 21,700 | 20,858 |
| General Supplies | 11-216-100-600 | 7,000 | 2,000 | 9,000 | 4,419 |
| Total Preschool Disabilities - Full-Time | | 1,351,805 | 240,046 | 1,591,851 | 1,586,428 |
| Home Instruction: | | | | | |
| Salaries of Teachers | 11-219-100-101 | 195,000 | (118,208) | 76,792 | 52,831 |
| Purchased Professional - Educational Services | 11-219-100-320 | 120,774 | - | 120,774 | 22,284 |
| Total Home Instruction | | 315,774 | (118,208) | 197,566 | 75,115 |
| Total Special Education - Instruction | | 20,027,476 | (188,460) | 19,839,016 | 18,876,189 |
| | | | | | 962,827 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|--|--|--|--|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| School-Sponsored Cocurricular/Extra Curricular Activities - Instruction: Salaries | 11-401-100-100 | 561,750 | - | 561,750 | 56,008 |
| Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction | | 561,750 | - | 561,750 | 56,008 |
| School-Sponsored Athletics - Instruction: Salaries Purchased Services Supplies and Materials Other Objects | 11-402-100-100 11-402-100-500 11-402-100-600 11-402-100-800 | 1,141,514 - 208,284 422,056 | 47,256 1,000 (56,293) (62,497) | 1,188,770 1,000 151,991 359,559 | - 48 952 128,398 |
| Total School-Sponsored Athletics - Instruction | | 1,771,854 | (70,534) | 1,701,320 | 178,375 |
| Before/After School Programs - Instruction: Salaries of Teachers | 11-421-100-101 | 105,000 | - | 105,000 | 76,631 |
| Total Before/After School Programs - Instruction | | 105,000 | - | 105,000 | 76,631 |
| Summer School - Instruction: Salaries of Teachers | 11-422-100-101 | 85,000 | - | 85,000 | 78,726 |
| Total Summer School - Instruction | | 85,000 | - | 85,000 | 78,726 |
| Undistributed Expenditures - Instruction (Tuition): Tuition to Other LEAs Within State - Regular Tuition to Other LEAs Within State - Special Tuition to County Vocational School - Regular Tuition to County Vocational School - Special Tuition to County Special Services & Regular Day Schools Tuition to Private School Disabled Within State Tuition to Private School Disabled Outside State Tuition - State Facilities Tuition - Other | 11-000-100-561 11-000-100-562 11-000-100-563 11-000-100-564 11-000-100-565 11-000-100-566 11-000-100-567 11-000-100-568 11-000-100-569 | 50,000 113,229 1,311,257 512,309 822,699 2,274,478 80,000 60,000 505,000 | - - (156,512) - - 185,531 (29,019) - - | 50,000 113,229 1,154,745 512,309 822,699 2,460,009 50,981 60,000 505,000 | 5,368 57,360 149,367 96,809 243,938 243,221 50,981 41,947 154,841 |
| Total Undistributed Expenditures - Instruction (Tuition) | | 5,728,972 | - | 5,728,972 | 1,043,832 |
| Undistributed Expenditures Attendance and Social Work: Salaries Other Purchased Services Other Objects | 11-000-211-100 11-000-211-500 11-000-211-800 | 295,149 500 35,000 | 282 (282) (35,000) | 295,431 218 - | - 218 - |
| Total Undistributed Expenditures Attendance and Social Work | | 330,649 | (35,000) | 295,649 | 218 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 11-000-213-100 | 1,643,347 | 9,092 | 1,652,439 | - |
| Purchased Professional & Technical Services | 11-000-213-300 | 1,307,893 | (500,000) | 807,893 | 194,841 |
| Other Purchased Services | 11-000-213-500 | 1,500 | - | 1,500 | 1,500 |
| Supplies and Materials | 11-000-213-600 | 54,034 | (4,770) | 49,264 | 16,729 |
| Other Objects | 11-000-213-800 | 65,856 | 15,908 | 81,764 | 44,794 |
| Total Undistributed Expenditures - Health Services | | 3,072,630 | (479,770) | 2,592,860 | 257,864 |
| Undistributed Expenditures - Speech, OT, PT and Related Services: | | | | | |
| Salaries | 11-000-216-100 | 1,662,391 | (82,446) | 1,579,945 | - |
| Purchased Professional - Educational Services | 11-000-216-320 | 1,579,477 | 567,828 | 2,147,305 | 122,275 |
| Supplies and Materials | 11-000-216-600 | 68,445 | (36,611) | 31,834 | 7,859 |
| Total Undistributed Expenditures - Speech, OT, PT and Related Services | | 3,310,313 | 448,771 | 3,759,084 | 130,134 |
| Undistributed Expenditures - Guidance: | | | | | |
| Salaries of Other Professional Staff | 11-000-218-104 | 2,019,168 | 46,855 | 2,066,023 | 171,005 |
| Salaries of Secretaries & Clerical Assistants | 11-000-218-105 | 279,067 | 2,271 | 281,338 | - |
| Purchased Professional - Educational Services | 11-000-218-320 | 155,721 | (19,726) | 135,995 | 25,862 |
| Total Undistributed Expenditures - Guidance | | 2,453,956 | 29,400 | 2,483,356 | 196,867 |
| Undistributed Expenditures - Child Study Teams: | | | | | |
| Salaries of Other Professional Staff | 11-000-219-104 | 4,841,234 | (90,000) | 4,751,234 | 166,779 |
| Salaries of Secretaries & Clerical Assistants | 11-000-219-105 | 408,115 | (40,000) | 368,115 | 1,862 |
| Purchased Professional - Educational Services | 11-000-219-320 | 1,086,906 | - | 1,086,906 | 121,884 |
| Other Purchased Services | 11-000-219-500 | 11,500 | (11,500) | - | - |
| Miscellaneous Purchased Services | 11-000-219-592 | 1,129 | 11,500 | 12,629 | 12,434 |
| Supplies and Materials | 11-000-219-600 | 84,158 | 25,000 | 109,158 | 13,066 |
| Other Objects | 11-000-219-800 | 3,060 | - | 3,060 | 560 |
| Total Undistributed Expenditures - Child Study Teams | | 6,436,102 | (105,000) | 6,331,102 | 316,585 |
| Undistributed Expenditures - Improvement of Instruction Services: | | | | | |
| Salaries of Supervisors of Instruction | 11-000-221-102 | 529,989 | (105,031) | 424,958 | 57,443 |
| Supplies and Materials | 11-000-221-600 | 24,909 | (2,094) | 22,815 | 15,747 |
| Total Undistributed Expenditures - Improvement of Instruction Services | | 554,898 | (107,125) | 447,773 | 73,190 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Undistributed Expenditures - Educational Media Services/Library: | 11-000-222-100 | 377,071 | 70,060 | 447,131 | - |
| Salaries | 11-000-222-600 | 44,533 | (3,856) | 40,677 | 4,798 |
| Supplies and Materials | | | | | |
| Total Undistributed Expenditures - Educational Media Services/Library | | 421,604 | 66,204 | 487,808 | 4,798 |
| Undistributed Expenditures - Instructional Staff Training Services: | | | | | |
| Other Salaries | 11-000-223-110 | 186,810 | - | 186,810 | - |
| Purchased Professional - Educational Services | 11-000-223-320 | 246,700 | (1,500) | 245,200 | 30,065 |
| Other Purchased Services | 11-000-223-500 | 93,765 | (62,420) | 31,345 | 154,412 |
| | | | | | 23,953 |
| Total Undistributed Expenditures - Instructional Staff Training Services | | 527,275 | (63,920) | 463,355 | 208,430 |
| Undistributed Expenditures - Support Services - General Administration: | | | | | |
| Salaries | 11-000-230-100 | 1,373,058 | 18,268 | 1,391,326 | 14,369 |
| Unused Vacation Payment to Staff | 11-000-230-199 | 30,000 | 20,586 | 50,586 | - |
| Unused Sick Payment to Staff | 11-000-230-299 | 5,000 | 3,560 | 8,560 | - |
| Legal Services | 11-000-230-331 | 413,589 | (100) | 413,489 | 147,981 |
| Audit Fees | 11-000-230-332 | 100,000 | 500 | 100,500 | 51,500 |
| Architectural/Engineering Services | 11-000-230-334 | 66,775 | (500) | 66,275 | 58,300 |
| Other Purchased Professional Services | 11-000-230-339 | - | 10,750 | 10,750 | - |
| Purchased Technical Services | 11-000-230-340 | 148,368 | - | 148,368 | 34,216 |
| Communications/Telephone | 11-000-230-530 | 376,838 | (40,745) | 336,093 | 64,339 |
| Travel | 11-000-230-580 | - | 4,750 | 4,750 | 3,600 |
| BOE Other Purchased Professional Services | 11-000-230-585 | 4,000 | - | 4,000 | 4,000 |
| Other Purchased Services | 11-000-230-590 | 54,750 | (4,750) | 50,000 | 24,150 |
| BOE In-House Training/Meeting Supplies | 11-000-230-630 | 2,500 | - | 2,500 | 1,813 |
| Judgements Against School District | 11-000-230-820 | 75,000 | (1,132) | 73,868 | 68,329 |
| Miscellaneous Expenditures | 11-000-230-890 | 18,396 | 2,275 | 20,671 | - |
| BOE Membership Dues and Fees | 11-000-230-895 | 28,290 | - | 28,290 | 1,627 |
| Total Undistributed Expenditures - Support Services - General Administration | | 2,696,564 | 13,462 | 2,710,026 | 474,224 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | 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 | 4,054,930 | 310,281 | 4,365,211 | - |
| Salaries of Other Professional Staff | 11-000-240-104 | 434,426 | (137,704) | 296,722 | 2,011 |
| Salaries of Secretaries & Clerical Assistants | 11-000-240-105 | 1,799,971 | (53,246) | 1,746,725 | 13,807 |
| Unused Vacation Payment to Staff | 11-000-240-199 | 25,000 | 5,665 | 30,665 | - |
| Unused Sick Payment to Staff | 11-000-240-299 | 25,000 | - | 25,000 | 12,653 |
| Purchased Professional & Technical Services | 11-000-240-300 | 21,000 | 24,980 | 45,980 | 6,401 |
| Other Objects | 11-000-240-800 | 42,700 | - | 42,700 | 29,188 |
| Total Undistributed Expenditures - | | 6,403,027 | 149,976 | 6,553,003 | 64,060 |
| Support Services - School Administration | | | | | |
| Undistributed Expenditures - Central Services: | | | | | |
| Salaries | 11-000-251-100 | 1,278,643 | 53,528 | 1,332,171 | 83,754 |
| Unused Vacation Payment to Staff | 11-000-251-199 | 25,000 | 2,150 | 27,150 | - |
| Unused Sick Payment to Staff | 11-000-251-299 | 10,000 | - | 10,000 | - |
| Purchased Technical Services | 11-000-251-340 | 192,700 | (16,168) | 176,532 | 15,068 |
| Miscellaneous Purchased Services | 11-000-251-592 | 39,224 | (5,000) | 34,224 | 22,834 |
| Supplies and Materials | 11-000-251-600 | 27,961 | - | 27,961 | 7,530 |
| Other Objects | 11-000-251-890 | 12,100 | - | 12,100 | 6,567 |
| Total Undistributed Expenditures - Central Services | | 1,585,628 | 34,510 | 1,620,138 | 135,753 |
| Administrative Information Technology: | | | | | |
| Salaries | 11-000-252-100 | 726,104 | 15,552 | 741,656 | 36,623 |
| Unused Vacation Payment to Staff | 11-000-252-199 | - | 7,981 | 7,981 | - |
| Purchased Technical Services | 11-000-252-340 | 102,150 | - | 102,150 | 15,852 |
| Other Purchased Services | 11-000-252-500 | 3,500 | - | 3,500 | 2,212 |
| Total Undistributed Expenditures - | | 831,754 | 23,533 | 855,287 | 54,687 |
| Administrative Information Technology | | | | | |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Undistributed Expenditures - | | | | | |
| Required Maintenance for School Facilities: | | | | | |
| Salaries | 11-000-261-100 | 2,045,042 | 99,755 | 2,144,797 | 2,079,859 |
| Unused Vacation Payment to Staff | 11-000-261-199 | 25,000 | - | 25,000 | 23,785 |
| Unused Sick Payments to Staff | 11-000-261-299 | 2,500 | - | 2,500 | 825 |
| Cleaning, Repair & Maintenance Services | 11-000-261-420 | 1,068,824 | 18,078 | 1,086,902 | 918,475 |
| Travel | 11-000-261-580 | - | 613,358 | 613,358 | 533,413 |
| General Supplies | 11-000-261-610 | 551,926 | (551,926) | - | - |
| Other Objects | 11-000-261-800 | 6,000 | (6,000) | - | - |
| | | 3,699,292 | 173,265 | 3,872,557 | 3,556,357 |
| Total Undistributed Expenditures - | | | | | 316,200 |
| Required Maintenance for School Facilities | | | | | |
| Undistributed Expenditures - Custodial Services: | | | | | |
| Salaries | 11-000-262-100 | 3,644,183 | (34,956) | 3,609,227 | 3,377,501 |
| Salaries of Non-Instructional Aids | 11-000-262-107 | 15,000 | 34,468 | 49,468 | 49,468 |
| Unused Vacation Payment to Staff | 11-000-262-199 | 15,000 | 13,202 | 28,202 | 28,202 |
| Unused Sick Payment to Staff | 11-000-262-299 | 2,500 | 12,845 | 15,345 | 15,345 |
| Purchased Professional & Technical Services | 11-000-262-300 | 104,321 | (40,450) | 63,871 | 58,102 |
| Cleaning, Repair & Maintenance Services | 11-000-262-420 | 364,972 | (21,220) | 343,752 | 303,827 |
| Lease Purchase Payment - ESIP | 11-000-262-444 | 1,075,380 | - | 1,075,380 | 1,075,380 |
| Other Purchased Property Services | 11-000-262-490 | 255,232 | (8,846) | 246,386 | 232,556 |
| Insurance | 11-000-262-520 | 984,357 | 84,205 | 1,068,562 | 1,068,562 |
| Travel | 11-000-262-580 | - | 2,000 | 2,000 | 230 |
| Miscellaneous Purchased Services | 11-000-262-590 | 2,000 | (2,000) | - | - |
| General Supplies | 11-000-262-610 | 554,011 | 128,274 | 682,285 | 574,359 |
| Energy (Natural Gas) | 11-000-262-621 | 604,215 | 130,785 | 735,000 | 715,409 |
| Energy (Electricity) | 11-000-262-622 | 1,322,325 | (43,239) | 1,279,086 | 1,279,086 |
| Energy (Gasoline) | 11-000-262-626 | 93,354 | (1) | 93,353 | 59,880 |
| Other Objects | 11-000-262-800 | 78,475 | 2,207 | 80,682 | 79,932 |
| | | 9,115,325 | 257,274 | 9,372,599 | 8,917,839 |
| Total Undistributed Expenditures - Custodial Services | | | | | 454,760 |
| Undistributed Expenditures - | | | | | |
| Care and Upkeep of Grounds: | | | | | |
| Salaries | 11-000-263-100 | 672,572 | (35,290) | 637,282 | 484,671 |
| Cleaning, Repair & Maintenance Services | 11-000-263-420 | 273,261 | (50,710) | 222,551 | 188,260 |
| General Supplies | 11-000-263-610 | 224,347 | (20,000) | 204,347 | 124,289 |
| | | 1,170,180 | (106,000) | 1,064,180 | 797,220 |
| Total Undistributed Expenditures - | | | | | 266,960 |
| Care and Upkeep of Grounds | | | | | |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|--|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Security: | | | | | |
| Salaries | 11-000-266-100 | 1,010,780 | - | 1,010,780 | 1,002,711 8,069 |
| Purchased Professional and Technical Services | 11-000-266-300 | 23,400 | 6,520 | 29,920 | 29,920 - |
| Cleaning, Repair & Maintenance | 11-000-266-420 | 20,000 | 829 | 20,829 | 18,763 2,066 |
| General Supplies | 11-000-266-610 | 58,055 | (1,829) | 56,226 | 35,667 20,559 |
| Other Objects | 11-000-266-800 | - | 1,000 | 1,000 | 414 586 |
| Total Security | | 1,112,235 | 6,520 | 1,118,755 | 1,087,475 31,280 |
| Undistributed Expenditures - | | | | | |
| Student Transportation Services: | | | | | |
| Salaries of Pupil Transportation (Between Home & School) - Regular | 11-000-270-160 | 203,616 | - | 203,616 | 197,512 6,104 |
| Contract Services - Aid in Lieu Payments - Non Public Schools | 11-000-270-503 | 215,033 | - | 215,033 | 202,944 12,089 |
| Contract Services (Between Home & School) - Vendors | 11-000-270-511 | 3,845,494 | (25,461) | 3,820,033 | 3,330,723 489,310 |
| Contract Services (Other Than Between Home & School) - Vendors | 11-000-270-512 | 723,903 | (109,239) | 614,664 | 170,846 443,818 |
| Contract Services (Between Home & School) - Joint Agreement | 11-000-270-513 | 189,590 | 134,700 | 324,290 | 321,690 2,600 |
| Contract Services (Special Education) - Vendors | 11-000-270-514 | 6,933,626 | - | 6,933,626 | 6,344,893 588,733 |
| Travel | 11-000-270-580 | - | 500 | 500 | - 500 |
| Miscellaneous Purchased Services - Transportation | 11-000-270-593 | 500 | (500) | - | - - |
| General Supplies | 11-000-270-610 | - | 136 | 136 | - 136 |
| Miscellaneous Expenditures | 11-000-270-800 | 11,875 | (136) | 11,739 | 11,041 698 |
| Total Undistributed Expenditures - | | 12,123,637 | - | 12,123,637 | 10,579,649 1,543,988 |
| Student Transportation Services | | | | | |
| Unallocated Benefits: | | | | | |
| Social Security Contributions | 11-000-291-220 | 1,850,000 | (126,706) | 1,723,294 | 1,648,923 74,371 |
| Other Retirement Contributions - PERS | 11-000-291-241 | 2,406,775 | (222,579) | 2,184,196 | 2,154,432 29,764 |
| Unemployment Compensation | 11-000-291-250 | - | 1,887 | 1,887 | 1,887 - |
| Workmen's Compensation | 11-000-291-260 | 1,150,669 | (159,280) | 991,389 | 991,389 - |
| Health Benefits | 11-000-291-270 | 19,761,531 | (62,250) | 19,699,281 | 19,699,281 - |
| Tuition Reimbursement | 11-000-291-280 | 70,000 | 3,173 | 73,173 | 53,173 20,000 |
| Other Employee Benefits | 11-000-291-290 | 16,700 | 4,117 | 20,817 | 20,817 - |
| Unused Sick Payment to Staff | 11-000-291-299 | 135,000 | (5,047) | 129,953 | 129,953 - |
| Total Unallocated Benefits | | 25,390,675 | (566,685) | 24,823,990 | 24,699,855 124,135 |
| Nonbudgeted: | | | | | |
| TPAF - Post Retirement Medical (Noncash Assistance) | | - | - | - | 6,646,895 (6,646,895) |
| TPAF - Pension Contributions (Noncash Assistance) | | - | - | - | 21,210,037 (21,210,037) |
| TPAF - Long-Term Disability Insurance (Noncash Assistance) | | - | - | - | 12,038 (12,038) |
| Reimbursed TPAF Social Security Contributions | | - | - | - | 5,632,800 (5,632,800) |
| Total Undistributed Expenditures | | 86,964,716 | (260,585) | 86,704,131 | 114,507,936 (27,803,805) |
| Total Expenditures - Current Expense | | 169,909,371 | (111,574) | 169,797,797 | 194,406,395 (24,608,598) |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| | ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|--|-----------------|--------------------|---------------------|-----------------|--------------------------------|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Equipment: | | | | | |
| Grades 1-5 | 12-120-100-730 | 700 | 79,646 | 80,346 | - |
| Grades 6-8 | 12-130-100-730 | - | 27,679 | 8,887 | 18,792 |
| Grades 9-12 | 12-140-100-730 | 3,590 | - | 3,590 | - |
| Multiple Disabilities | 12-212-100-730 | 25,000 | (20,490) | 4,510 | 385 |
| School-Sponsored & Other Instructional Programs | 12-400-100-730 | - | 13,232 | 13,232 | - |
| Undistributed Expenditures: | | | | | |
| Instruction | 12-000-100-730 | 12,195 | - | 12,195 | 9,996 |
| Support Services - Related and Extraordinary | 12-000-213-730 | \$0 | 12,370 | 12,370 | - |
| Central Services | 12-000-251-730 | 123,959 | (14,400) | 109,559 | - |
| Undist. Exp. - Care & Upkeep of Grounds | 12-000-263-730 | 117,305 | - | 117,305 | 64,370 |
| Non-Instructional Services | 12-000-300-730 | 121,909 | 13,537 | 135,446 | 3,199 |
| Total Equipment | | 404,658 | 111,574 | 516,232 | 96,742 |
| Facilities Acquisition & Construction Services: | | | | | |
| Architectural/Engineering Services | 12-000-400-334 | 1,036 | - | 1,036 | 1,036 |
| Construction Services | 12-000-400-450 | 737,181 | - | 737,181 | 121,262 |
| Assessment for Debt Service on SDA Funding | 12-000-400-896 | 27,200 | - | 27,200 | - |
| Total Facilities Acquisition & Construction Services | | 765,417 | - | 765,417 | 122,298 |
| Total Capital Outlay | | 1,170,075 | 111,574 | 1,281,649 | 219,040 |
| Total Expenditures | | 171,079,446 | - | 171,079,446 | (24,389,558) |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses) | | (4,272,406) | - | (4,272,406) | 10,054,539 |
| Other Financing Sources/(Uses): | | | | | |
| Transfers In(Out): | | (46,947) | - | (46,947) | 46,947 |
| Transfer of Funds to Charter Schools | | | | | |
| Total Other Financing Sources/(Uses) | | (46,947) | - | (46,947) | 46,947 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

| ACCOUNT NUMBERS | JUNE 30, 2021 | | | VARIANCE FINAL TO ACTUAL |
|---|--------------------|---------------------|-----------------|--------------------------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses) | (4,319,353) | - | (4,319,353) | 10,101,486 |
| Fund Balances, July 1 | 13,940,452 | - | 13,940,452 | - |
| Fund Balances, June 30 | \$ 9,621,099 | \$ - | \$ 9,621,099 | \$ 10,101,486 |

RECAPITULATION OF FUND BALANCE

| | | |
|--|---------------|--|
| Restricted Fund Balance: | | |
| Capital Reserve | \$ 3,858,138 | |
| Maintenance Reserve | 2,060,533 | |
| Legal Reserve | 2,289,240 | |
| Reserve for Unemployment Claims | 421,944 | |
| Excess Surplus | 399,674 | |
| Excess Surplus Designated for Subsequent Year's Expenditures | 989,299 | |
| Assigned Fund Balance: | | |
| Year-End Encumbrances | 2,048,734 | |
| Unassigned Fund Balance | 7,655,023 | |
| Subtotal | 19,722,585 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | |
| Last State Aid Payments not recognized on GAAP basis | (1,552,139) | |
| Fund Balance per Governmental Funds (GAAP) | \$ 18,170,446 | |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

| | JUNE 30, 2021 | | | | VARIANCE FINAL TO ACTUAL (OVER)/ UNDER |
|--|--------------------|---------------------|-----------------|--------------|--|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | |
| Revenues: | | | | | |
| Local Sources | \$ 80,000 | \$ 1,138,743 | \$ 1,218,743 | \$ 360,210 | \$ 858,533 |
| State Sources | 1,397,045 | (45,095) | 1,351,950 | 1,258,530 | 93,420 |
| Federal Sources | 2,623,701 | 2,076,971 | 4,700,672 | 4,408,545 | 292,127 |
| Total Revenues | 4,100,746 | 3,170,619 | 7,271,365 | 6,027,285 | 1,244,080 |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 709,907 | (21,784) | 688,123 | 627,141 | 60,982 |
| Other Salaries for Instruction | - | 5,000 | 5,000 | 4,786 | 214 |
| Purchased Professional - Educational Services | 77,888 | (74,904) | 2,984 | 2,851 | 133 |
| Other Purchased Services (400-500 Series) | 1,794,631 | 397,859 | 2,192,490 | 2,160,257 | 32,233 |
| General Supplies | 166,910 | 232,163 | 399,073 | 397,895 | 1,178 |
| Textbooks | 169,147 | (26,135) | 143,012 | 140,616 | 2,396 |
| Other Objects | - | 31,277 | 31,277 | 31,220 | 57 |
| Total Instruction | 2,918,483 | 543,476 | 3,461,959 | 3,364,766 | 97,193 |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | 61,502 | (25,516) | 35,986 | 17,838 | 18,148 |
| Personal Services - Employee Benefits | 250,242 | (30,482) | 219,760 | 219,760 | - |
| Purchased Educational Services | 323,393 | 178,880 | 502,273 | 456,509 | 45,764 |
| Other Purchased Services (400-500 Series) | 82,509 | 106,458 | 188,967 | 77,403 | 111,564 |
| Supplies and Materials | 18,919 | 1,146,247 | 1,165,166 | 1,165,166 | - |
| Student Activities | - | 555,408 | 555,408 | 272,525 | 282,883 |
| Scholarships Awarded | - | 616,440 | 616,440 | 57,450 | 558,990 |
| Other Objects | - | 28,883 | 28,883 | 8,160 | 20,723 |
| Total Support Services | 736,565 | 2,576,318 | 3,312,883 | 2,274,811 | 1,038,072 |
| Facilities Acquisition & Construction Services: | | | | | |
| Noninstructional Equipment | 445,698 | 50,825 | 496,523 | 404,368 | 92,155 |
| Total Facilities Acquisition & Construction Services | 445,698 | 50,825 | 496,523 | 404,368 | 92,155 |
| Total Expenditures | 4,100,746 | 3,170,619 | 7,271,365 | 6,043,945 | 1,227,420 |
| Total Outflows | 4,100,746 | 3,170,619 | 7,271,365 | 6,043,945 | 1,227,420 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses) | - | - | - | (16,660) | 16,660 |
| Fund Balance, July 1 (As Restated) | 1,171,848 | - | 1,171,848 | 1,171,848 | - |
| Fund Balance, June 30 | \$ 1,171,848 | \$ - | \$ 1,171,848 | \$ 1,155,188 | \$ 16,660 |

RECAPITULATION OF FUND BALANCE

| | |
|--------------------|---------------------|
| Restricted: | |
| Student Activities | \$ 538,127 |
| Scholarships | 617,061 |
| | <u>\$ 1,155,188</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, 2021**

**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) | \$ 201,251,137 | \$ 6,027,285 |
| 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 | - | (309,381) |
| Prior Year | - | 246,722 |
| 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 | (1,552,139) | - |
| Prior Year | 1,639,093 | - |
| Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2) | <u>\$ 201,338,091</u> | <u>\$ 5,964,626</u> |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2) | \$ 195,469,004 | \$ 6,043,945 |
| 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. | - | (62,659) |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2) | <u>\$ 195,469,004</u> | <u>\$ 5,981,286</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 EIGHT FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| School District's proportion of the net pension liability | 0.1805629863% | 0.1983291065% | 0.1996356800% | 0.2019850748% | 0.2024431467% | 0.2119862254% | 0.2209620171% | 0.20386684327% |
| School District's proportionate share of the net pension liability | \$ 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 | \$ 12,767,297 | \$ 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 | 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 | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

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

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| School District's contractually required contribution | \$ 1,975,268 | \$ 1,929,158 | \$ 1,985,730 | \$ 1,871,176 | \$ 1,798,476 | \$ 1,822,513 | \$ 1,821,579 | \$ 1,536,107 |
| Contributions in relation to the contractually required contribution | (1,975,268) | (1,929,158) | (1,985,730) | (1,871,176) | (1,798,476) | (1,822,513) | (1,821,579) | (1,536,107) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School District's covered payroll | 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 | 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 EIGHT FISCAL YEARS*

| | 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% |
| School District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the School District | \$ 464,149,588 | \$ 442,517,677 | \$ 460,423,875 | \$ 474,762,052 | \$ 569,821,881 | \$ 458,004,352 | \$ 382,394,370 | \$ 359,346,441 |
| | \$ 464,149,588 | \$ 442,517,677 | \$ 460,423,875 | \$ 474,762,052 | \$ 569,821,881 | \$ 458,004,352 | \$ 382,394,370 | \$ 359,346,441 |
| School District's covered payroll | \$ 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% |
| Plan fiduciary net position as a percentage of the total pension liability | 24.60% | 26.95% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

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

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

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

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

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

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

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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, 2021**

| | Title I | Title IIA | Title III | Title III - Immigrant | I.D.E.A. - Basic | I.D.E.A. - Preschool |
|---|------------|------------|-----------|-----------------------|------------------|----------------------|
| Revenues: | | | | | | |
| Local Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State Sources | - | - | - | - | - | - |
| Federal Sources | 550,601 | 217,170 | 7,916 | 11,686 | 2,699,823 | 82,487 |
| Total Revenues | \$ 550,601 | \$ 217,170 | \$ 7,916 | \$ 11,686 | \$ 2,699,823 | \$ 82,487 |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ 362,370 | \$ 69,153 | \$ - | \$ - | \$ 80,857 | \$ - |
| Other Salaries for Instruction | - | - | - | - | - | - |
| Purchased Professional - Educational Services | - | - | - | - | - | - |
| Other Purchased Services (400-500 Series) | - | - | - | - | 2,106,617 | 53,640 |
| General Supplies | 23,678 | - | 6,454 | 11,512 | 61,974 | - |
| Textbooks | - | - | - | - | - | - |
| Other Objects | - | - | - | - | - | - |
| Total Instruction | 386,048 | 69,153 | 6,454 | 11,512 | 2,249,448 | 53,640 |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | - | - | - | - | 11,452 | - |
| Personal Services - Employee Benefits | 155,420 | 29,660 | - | - | 34,680 | - |
| Purchased Educational Services | - | 22,419 | - | - | 404,243 | 28,847 |
| Other Purchased Services (400-500 Series) | 8,968 | 61,784 | 1,462 | - | - | - |
| Supplies and Materials | 165 | 31,944 | - | 174.00 | - | - |
| Student Activities | - | - | - | - | - | - |
| Scholarships Awarded | - | - | - | - | - | - |
| Other Objects | - | 2,210 | - | - | - | - |
| Total Support Services | 164,553 | 148,017 | 1,462 | 174 | 450,375 | 28,847 |
| Facilities Acquisition & Construction Services: | | | | | | |
| Noninstructional Equipment | - | - | - | - | - | - |
| Total Facilities Acquisition & Construction Services | - | - | - | - | - | - |
| Total Expenditures | \$ 550,601 | \$ 217,170 | \$ 7,916 | \$ 11,686 | \$ 2,699,823 | \$ 82,487 |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | - | - | - | - | - | - |
| Fund Balance, July 1 (As Restated) | - | - | - | - | - | - |
| Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021**

| | Non Public Ch. 192 Auxiliary | Non Public Textbook | Non Public Nursing | Non Public Ch. 193 Handicapped | Title I - Reallocated | Non Public Security Aid |
|---|---------------------------------|---------------------|--------------------|-----------------------------------|--------------------------|----------------------------|
| Revenues: | | | | | | |
| Local Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State Sources | 117,871 | 140,616 | 196,046 | 399,629 | - | 404,368 |
| Federal Sources | - | - | - | - | 7,942 | - |
| Total Revenues | <u>\$ 117,871</u> | <u>\$ 140,616</u> | <u>\$ 196,046</u> | <u>\$ 399,629</u> | <u>\$ 7,942</u> | <u>\$ 404,368</u> |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Salaries for Instruction | - | - | - | - | 4,786 | - |
| Purchased Professional - Educational Services | - | - | - | - | - | - |
| Other Purchased Services (400-500 Series) | - | - | - | - | - | - |
| General Supplies | - | - | - | - | 3,156 | - |
| Textbooks | - | 140,616 | - | - | - | - |
| Other Objects | - | - | - | - | - | - |
| Total Instruction | <u>-</u> | <u>140,616</u> | <u>-</u> | <u>-</u> | <u>7,942</u> | <u>-</u> |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | 3,572 | - | - | - | - | - |
| Personal Services - Employee Benefits | - | - | - | - | - | - |
| Purchased Educational Services | - | - | - | - | - | - |
| Other Purchased Services (400-500 Series) | - | - | - | - | - | - |
| Supplies and Materials | 114,299 | - | 196,046 | 399,629 | - | - |
| Student Activities | - | - | - | - | - | - |
| Scholarships Awarded | - | - | - | - | - | - |
| Other Objects | - | - | - | - | - | - |
| Total Support Services | <u>117,871</u> | <u>-</u> | <u>196,046</u> | <u>399,629</u> | <u>-</u> | <u>-</u> |
| Facilities Acquisition & Construction Services: | | | | | | |
| Noninstructional Equipment | - | - | - | - | - | 404,368 |
| Total Facilities Acquisition & Construction Services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>404,368</u> |
| Total Expenditures | <u>\$ 117,871</u> | <u>\$ 140,616</u> | <u>\$ 196,046</u> | <u>\$ 399,629</u> | <u>\$ 7,942</u> | <u>\$ 404,368</u> |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, July 1 (As Restated) | <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> |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021**

| | CARES Act | Title - SIA | Title IV | Coronavirus Relief Fund | Non Public Digital Divide | Student Activities |
|---|------------|-------------|-----------|-------------------------|---------------------------|--------------------|
| Revenues: | | | | | | |
| Local Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 255,244 |
| State Sources | - | - | - | - | - | - |
| Federal Sources | 307,584 | 11,092 | 35,668 | 375,291 | 101,285 | - |
| Total Revenues | \$ 307,584 | \$ 11,092 | \$ 35,668 | \$ 375,291 | \$ 101,285 | \$ 255,244 |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ 110,563 | \$ - | \$ 4,198 | \$ - | \$ - | \$ - |
| Other Salaries for Instruction | - | - | - | - | - | - |
| Purchased Professional - Educational Services | - | - | 2,851 | - | - | - |
| Other Purchased Services (400-500 Series) | - | - | - | - | - | - |
| General Supplies | 153,882 | 6,522 | 19,707 | - | 101,285 | - |
| Textbooks | - | - | - | - | - | - |
| Other Objects | - | - | - | - | - | - |
| Total Instruction | 264,445 | 6,522 | 26,756 | - | 101,285 | - |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | 1,422 | - | 1,392 | - | - | - |
| Personal Services - Employee Benefits | - | - | - | - | - | - |
| Purchased Educational Services | - | - | 1,000 | - | - | - |
| Other Purchased Services (400-500 Series) | - | 561 | 4,628 | - | - | - |
| Supplies and Materials | 41,717 | 4,009 | 1,892 | 375,291 | - | - |
| Student Activities | - | - | - | - | - | 272,525 |
| Scholarships Awarded | - | - | - | - | - | - |
| Other Objects | - | - | - | - | - | - |
| Total Support Services | 43,139 | 4,570 | 8,912 | 375,291 | - | 272,525 |
| Facilities Acquisition & Construction Services: | | | | | | |
| Noninstructional Equipment | - | - | - | - | - | - |
| Total Facilities Acquisition & Construction Services | - | - | - | - | - | - |
| Total Expenditures | \$ 307,584 | \$ 11,092 | \$ 35,668 | \$ 375,291 | \$ 101,285 | \$ 272,525 |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | - | - | - | - | - | (17,281) |
| Fund Balance, July 1 (As Restated) | - | - | - | - | - | 555,408 |
| Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 538,127 |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021**

| | Scholarships | Local Grants | Totals |
|---|-------------------|------------------|---------------------|
| Revenues: | | | |
| Local Sources | \$ 58,071 | \$ 46,895 | \$ 360,210 |
| State Sources | - | - | 1,258,530 |
| Federal Sources | - | - | 4,408,545 |
| Total Revenues | <u>\$ 58,071</u> | <u>\$ 46,895</u> | <u>\$ 6,027,285</u> |
| Expenditures: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ - | \$ - | \$ 627,141 |
| Other Salaries for Instruction | - | - | 4,786 |
| Purchased Professional - Educational Services | - | - | 2,851 |
| Other Purchased Services (400-500 Series) | - | - | 2,160,257 |
| General Supplies | - | 9,725 | 397,895 |
| Textbooks | - | - | 140,616 |
| Other Objects | - | 31,220 | 31,220 |
| Total Instruction | <u>-</u> | <u>40,945</u> | <u>3,364,766</u> |
| Support Services: | | | |
| Salaries of Other Professional Staff | - | - | 17,838 |
| Personal Services - Employee Benefits | - | - | 219,760 |
| Purchased Educational Services | - | - | 456,509 |
| Other Purchased Services (400-500 Series) | - | - | 77,403 |
| Supplies and Materials | - | - | 1,165,166 |
| Student Activities | - | - | 272,525 |
| Scholarships Awarded | 57,450 | - | 57,450 |
| Other Objects | - | 5,950 | 8,160 |
| Total Support Services | <u>57,450</u> | <u>5,950</u> | <u>2,274,811</u> |
| Facilities Acquisition & Construction Services: | | | |
| Noninstructional Equipment | <u>-</u> | <u>-</u> | <u>404,368</u> |
| Total Facilities Acquisition & Construction Services | <u>-</u> | <u>-</u> | <u>404,368</u> |
| Total Expenditures | <u>\$ 57,450</u> | <u>\$ 46,895</u> | <u>\$ 6,043,945</u> |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | <u>621</u> | <u>-</u> | <u>(16,660)</u> |
| Fund Balance, July 1 (As Restated) | <u>616,440</u> | <u>-</u> | <u>1,171,848</u> |
| Fund Balance, June 30 | <u>\$ 617,061</u> | <u>\$ -</u> | <u>\$ 1,155,188</u> |

F. Capital Projects Fund

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**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2021**

| <u>Project Title / Issue</u> | <u>Original Date</u> | <u>Original Appropriations</u> | <u>Expenditures to Date</u> | | <u>Unexpended Balance June 30, 2021</u> |
|------------------------------|--------------------------|------------------------------------|-----------------------------|-------------------------|---|
| | | | <u>Prior Years</u> | <u>Current Year</u> | |
| Roofing Replacement Project | 5/27/2014 | \$ 17,333,839 | \$ 16,605,278 | \$ 7,570 | \$ 720,991 |
| Total | | \$ 17,333,839 | \$ 16,605,278 | \$ 7,570 | \$ 720,991 |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021**

| | |
|---|--------------------------|
| Expenditures and Other Financing Uses: | |
| Other Purchased Professional and Technical Services | \$ 4,975 |
| Construction Services | <u>2,595</u> |
| Total Expenditures and Other Financing Uses | <u>7,570</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources | |
| Over (Under) Expenditures and Other Financing Uses | <u>(7,570)</u> |
| Fund Balance, July 1 | <u>728,561</u> |
| Fund Balance, June 30 | <u><u>\$ 720,991</u></u> |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
ROOFING REPLACEMENT PROJECT
YEAR ENDED JUNE 30, 2021**

| | <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 | 741,501 | 4,975 | 746,476 | 746,476 |
| Construction Services | 13,852,442 | 2,595 | 13,855,037 | 16,587,363 |
| Cancellation of Project | 2,011,335 | - | 2,011,335 | - |
| Total Expenditures and Other Financing Uses | 16,605,278 | 7,570 | 16,612,848 | 17,333,839 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | \$ 728,561 | \$ (7,570) | \$ 720,991 | \$ - |

Additional Project Information:

| <u>Project Numbers</u> | | |
|------------------------|---|------------|
| 3160-050-14-1019 | Grant Date | 5/27/2014 |
| 3160-053-14-1020 | Bond Authorization Date | 5/29/2014 |
| 3160-055-14-1022 | Bonds Authorized | 10,759,044 |
| 3160-057-14-1025 | Bonds Issued | 10,159,944 |
| 3160-059-14-1027 | Original Authorized Cost | 17,934,739 |
| 3160-060-14-1028 | Additional Authorized Cost | (600,900) |
| 3160-080-14-1030 | Revised Authorized Cost | 17,333,839 |
| 3160-090-14-1031 | Percentage Increase over Original Authorized Cost | -3.35% |
| 3160-110-14-1032 | Percentage Completion | 100.00% |
| 3160-120-14-1033 | Original Target Completion Date | 8/31/2015 |
| 3160-130-14-1034 | Revised Target Completion Date | N/A |
| 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, 2021

| ISSUE | DATE OF ISSUE | AMOUNT OF ISSUE | ANNUAL MATURITIES | | INTEREST RATE | BALANCE JUNE 30, 2020 | ISSUED | RETIRED | BALANCE JUNE 30, 2021 |
|---|------------------|-----------------------|-------------------|-----------|------------------|-----------------------------|--------|--------------|-----------------------------|
| | | | DATE | AMOUNT | | | | | |
| Buildings, Alterations & Renovations (Refunding Issue - 2010) | 05/11/10 | \$ 55,665,000 | | | | \$ 3,290,000 | \$ - | \$ 3,290,000 | \$ - |
| Buildings, Alterations & Renovations (Refunding Issue - 2020) | 06/25/20 | 24,240,000 | 8/1/2021 | 3,005,000 | 5.000% | 24,240,000 | - | - | 24,240,000 |
| | | | 8/1/2022 | 3,150,000 | 5.000% | | | | |
| | | | 8/1/2023 | 3,290,000 | 5.000% | | | | |
| | | | 8/1/2024 | 3,450,000 | 5.000% | | | | |
| | | | 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 | 8/1/2021 | 610,000 | 4.000% | 5,575,000 | - | 565,000 | 5,010,000 |
| | | | 8/1/2022 | 650,000 | 4.000% | | | | |
| | | | 8/1/2023 | 685,000 | 2.500% | | | | |
| | | | 8/1/2024 | 715,000 | 2.200% | | | | |
| | | | 8/1/2025 | 745,000 | 3.000% | | | | |
| | | | 8/1/2026 | 780,000 | 3.000% | | | | |
| | | | 8/1/2027 | 825,000 | 3.000% | | | | |
| Buildings, Alterations & Renovations | 05/29/14 | 19,379,000 | 8/1/2021 | 1,245,000 | 2.000% | 13,970,000 | - | 1,215,000 | 12,755,000 |
| | | | 8/1/2022 | 1,280,000 | 2.000% | | | | |
| | | | 8/1/2023 | 1,320,000 | 2.250% | | | | |
| | | | 8/1/2024 | 1,365,000 | 2.250% | | | | |
| | | | 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 | | | | | | \$ 47,075,000 | \$ - | \$ 5,070,000 | \$ 42,005,000 |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2021

| PURPOSE | DATE OF LEASE | TERM OF LEASE | AMOUNT OF ORIGINAL LEASE | | INTEREST RATE | AMOUNT OUTSTANDING JUNE 30, 2020 | ISSUED | RETIRED | AMOUNT OUTSTANDING JUNE 30, 2021 |
|------------|------------------|------------------|--------------------------|--------------|------------------|---|--------|------------|---|
| | | | PRINCIPAL | INTEREST | | | | | |
| ESIP Lease | 3/20/2018 | 15 Years | \$ 11,200,000 | \$ 3,141,171 | 3.320% | \$ 9,650,000 | \$ - | \$ 755,000 | \$ 8,895,000 |
| Total | | | | | | \$ 9,650,000 | \$ - | \$ 755,000 | \$ 8,895,000 |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

| | JUNE 30, 2021 | | | VARIANCE |
|--|--------------------|---------------------|-----------------|--------------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | FINAL TO ACTUAL |
| Revenues: | | | | |
| Local Sources: | | | | |
| Local Tax Levy | \$ 5,642,206 | \$ - | \$ 5,642,206 | \$ - |
| State Sources: | | | | |
| Debt Service Aid Type II | 1,414,012 | - | 1,414,012 | - |
| Miscellaneous | - | - | - | 1,326 |
| Total Revenues | 7,056,218 | - | 7,056,218 | 1,326 |
| Expenditures: | | | | |
| Regular Debt Service: | | | | |
| Interest | 1,986,218 | - | 1,986,218 | 662,302 |
| Redemption of Principal | 5,070,000 | - | 5,070,000 | 8,083 |
| Total Regular Debt Service | 7,056,218 | - | 7,056,218 | 670,385 |
| Total Expenditures | 7,056,218 | - | 7,056,218 | 670,385 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | - | - | - | 669,059 |
| Fund Balance, July 1, | 26,594 | - | 26,594 | - |
| Fund Balance, June 30, | \$ 26,594 | \$ - | \$ 26,594 | \$ 669,059 |

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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)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------------------|---------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| Governmental Activities: | | | | | | | | | | |
| Net Investment in | | | | | | | | | | |
| Capital Assets | \$ 33,641,366 | \$ 32,051,356 | \$ 30,824,150 | \$ 27,511,354 | \$ 24,532,277 | \$ 21,166,495 | \$ 20,437,301 | \$ 23,901,566 | \$ 37,699,838 | \$ 35,242,009 |
| Restricted | 12,296,846 | 7,143,356 | 4,042,259 | 5,542,545 | 8,306,882 | 10,716,131 | 9,983,246 | 26,609,926 | 12,763,853 | 14,329,415 |
| Unrestricted (Deficit) | (39,716,865) | (45,515,305) | (47,596,142) | (48,473,797) | (46,114,398) | (43,375,177) | (42,201,258) | (237,189) | (501,515) | (1,963,302) |
| Total Governmental Activities | | | | | | | | | | |
| Net Position | \$ 6,221,347 | \$ (6,320,593) | \$ (12,729,733) | \$ (15,419,898) | \$ (13,275,239) | \$ (11,492,551) | \$ (11,780,711) | \$ 50,274,303 | \$ 49,962,176 | \$ 47,608,122 |
| Business-Type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 668,386 | \$ 720,443 | \$ 782,212 | \$ 847,311 | \$ 649,851 | \$ 496,320 | \$ 530,506 | \$ 422,012 | \$ 57,159 | \$ 96,528 |
| Unrestricted (Deficit) | (96,459) | (127,043) | (119,123) | (237,027) | 20,501 | 79,792 | - | - | - | 14,826 |
| Total Business-Type Activities | | | | | | | | | | |
| Net Assets | \$ 571,927 | \$ 593,400 | \$ 663,089 | \$ 610,284 | \$ 670,352 | \$ 576,112 | \$ 530,506 | \$ 422,012 | \$ 57,159 | \$ 111,354 |
| District-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 34,309,752 | \$ 32,771,799 | \$ 31,606,362 | \$ 28,358,665 | \$ 25,182,127 | \$ 21,662,815 | \$ 20,967,807 | \$ 24,323,578 | \$ 37,756,997 | \$ 35,338,537 |
| Restricted | 12,296,846 | 7,143,356 | 4,042,259 | 8,306,882 | 8,306,882 | 10,716,131 | 9,983,246 | 26,609,926 | 12,763,853 | 14,329,415 |
| Unrestricted (Deficit) | (39,813,324) | (45,642,348) | (47,715,265) | (48,710,825) | (46,093,897) | (43,295,385) | (42,201,258) | (501,515) | (501,515) | (1,948,476) |
| Total District Net Position | \$ 6,793,274 | \$ (5,727,193) | \$ (12,066,644) | \$ (12,045,278) | \$ (12,604,888) | \$ (10,916,439) | \$ (11,250,205) | \$ 50,431,989 | \$ 50,019,335 | \$ 47,719,476 |

Source: ACFR Schedule A-1

*For the year ended June 30, 2021 net position was reclassified due to GASB 84.

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | | | | | | | | |
| Expenses: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 108,035,437 | \$ 99,296,426 | \$ 104,333,574 | \$ 112,860,041 | \$ 90,757,282 | \$ 57,731,723 | \$ 88,135,821 | \$ 76,477,300 | \$ 76,994,308 | \$ 50,982,770 |
| Special Education | 32,753,983 | 31,076,746 | 31,515,205 | 32,282,886 | 25,113,427 | 15,904,464 | 23,992,602 | 20,138,172 | 19,611,534 | 14,179,046 |
| Other Instruction | 3,580,292 | 3,569,543 | 4,087,991 | 4,214,922 | 3,490,977 | 2,141,302 | 2,848,696 | 2,346,528 | 2,278,530 | 1,564,961 |
| Support Services: | | | | | | | | | | |
| Tuition | 6,342,014 | 5,508,360 | 6,397,541 | 6,547,793 | 6,598,433 | 6,097,142 | 5,890,712 | 5,807,659 | 4,494,803 | 4,416,101 |
| Attendance & Social Work Services | - | - | - | - | - | 200,015 | 32,087 | 66,383 | 71,022 | 45,305 |
| Health Services | - | - | - | - | - | 2,578,284 | 3,447,238 | 3,329,827 | 3,096,074 | 2,335,154 |
| Student & Instruction Related Services | 24,294,824 | 21,325,218 | 23,118,452 | 23,766,587 | 19,858,168 | 12,537,797 | 16,781,233 | 14,453,445 | 14,875,142 | 11,017,091 |
| Educational Media Services/School Library | - | - | - | - | - | 484,439 | 683,348 | 502,571 | 479,579 | 367,428 |
| Instructional Staff Training | - | - | - | - | - | 361,975 | 661,419 | 777,654 | 561,870 | 413,988 |
| Other Administrative Services | 3,026,482 | 2,778,773 | 3,095,176 | 3,222,954 | 2,701,491 | 2,047,846 | 3,125,984 | 2,850,864 | 2,821,903 | 1,559,656 |
| Central Services | 2,009,330 | 1,967,777 | 1,919,021 | 1,907,678 | 1,794,745 | 1,472,607 | 2,234,863 | 1,909,690 | 1,970,562 | 1,448,439 |
| Administration Information Technology Services | 1,083,728 | 1,006,434 | 991,807 | 1,013,061 | 999,836 | 1,355,156 | 1,491,562 | 1,117,188 | 1,146,578 | 821,539 |
| School Administrative Services | 8,783,723 | 8,008,994 | 8,604,064 | 9,084,406 | 7,631,869 | 5,586,092 | 9,383,428 | 8,148,695 | 8,328,836 | 6,090,739 |
| Plant Operations & Maintenance | 19,052,450 | 14,624,225 | 17,244,814 | 18,873,309 | 14,213,424 | 16,787,638 | 21,768,103 | 20,594,609 | 17,644,897 | 12,104,765 |
| Pupil Transportation | 14,321,086 | 12,828,828 | 13,440,862 | 14,409,509 | 12,476,992 | 10,761,129 | 9,990,561 | 10,042,967 | 9,477,122 | 9,330,590 |
| Unallocated Benefits | - | - | - | - | - | 64,951,941 | - | - | - | 36,617,894 |
| Interest & Other Charges | 597,762 | 5,739,972 | 1,912,096 | 2,370,212 | 2,566,311 | 2,654,719 | 2,679,964 | 2,726,746 | 3,117,269 | 2,793,035 |
| Adjustment/Reduction of Fixed Assets | - | - | - | - | - | - | - | - | - | 1,237,424 |
| Unallocated Depreciation | - | - | - | - | - | - | - | - | - | 3,688,594 |
| Amortization of Bond Issuance Costs | - | - | - | - | - | - | - | - | - | 40,488 |
| Total Governmental Activities Expenses | 223,881,112 | 207,731,294 | 216,660,603 | 230,553,358 | 188,202,955 | 203,654,269 | 193,147,621 | 171,290,298 | 166,970,029 | 161,055,007 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 1,459,524 | 1,975,160 | 2,529,940 | 2,915,311 | 2,596,304 | 2,513,939 | 2,530,782 | 2,322,914 | 2,316,118 | 2,467,618 |
| Total Business-Type Activities Expense | 1,459,524 | 1,975,160 | 2,529,940 | 2,915,311 | 2,596,304 | 2,513,939 | 2,530,782 | 2,322,914 | 2,316,118 | 2,467,618 |
| Total District Expenses | \$ 225,340,636 | \$ 209,706,454 | \$ 219,190,543 | \$ 233,468,669 | \$ 190,799,259 | \$ 206,168,208 | \$ 195,678,403 | \$ 169,286,147 | \$ 163,522,625 | \$ 157,176,903 |
| Program Revenues: | | | | | | | | | | |
| Charges for Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 101,100 | \$ - |
| Capital Grants & Contributions | - | - | - | - | - | - | - | - | - | - |
| Operating Grants & Contributions | 59,218,528 | 42,941,556 | 50,593,229 | 63,803,799 | 24,590,639 | 46,609,372 | 37,764,528 | 5,752,832 | 6,627,722 | 6,307,771 |
| Total Governmental Activities Program Revenues | 59,218,528 | 42,941,556 | 50,593,229 | 63,803,799 | 24,590,639 | 46,609,372 | 37,764,528 | 8,970,931 | 6,728,822 | 6,307,771 |

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| FISCAL YEAR ENDING JUNE 30, | | | | | | | | | | |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 121 | 1,365,933 | 1,968,341 | 2,109,671 | 2,000,770 | 1,876,792 | 1,836,651 | 1,638,063 | 1,544,900 | 1,695,023 |
| Operating Grants & Contributions | 1,437,930 | 539,538 | 614,405 | 745,573 | 689,773 | 682,802 | 607,731 | 539,246 | 596,849 | 684,378 |
| Total Business Type Activities | 1,438,051 | 1,905,471 | 2,582,746 | 2,855,244 | 2,690,543 | 2,559,594 | 2,444,382 | 2,177,309 | 2,141,749 | 2,379,401 |
| Program Revenues | | | | | | | | | | |
| Total District Program Revenues | \$ 60,656,579 | \$ 44,847,027 | \$ 53,175,975 | \$ 66,659,043 | \$ 27,281,182 | \$ 49,168,966 | \$ 40,208,910 | \$ 11,148,240 | \$ 8,870,571 | \$ 8,687,172 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities | \$ (164,662,584) | \$ (164,789,738) | \$ (166,067,374) | \$ (166,749,559) | \$ (163,612,316) | \$ (157,044,897) | \$ (155,383,093) | \$ (162,319,367) | \$ (160,241,207) | \$ (154,747,236) |
| Business-Type Activities | (21,473) | (69,689) | 52,806 | (60,067) | 94,239 | 45,655 | (86,400) | (145,605) | (174,369) | (88,217) |
| Total District-Wide Net Expense | \$ (164,684,057) | \$ (164,859,427) | \$ (166,014,568) | \$ (166,809,626) | \$ (163,518,077) | \$ (156,999,242) | \$ (155,469,493) | \$ (162,464,972) | \$ (160,415,576) | \$ (154,835,453) |
| General Revenues & Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 147,549,892 | \$ 143,618,246 | \$ 140,802,202 | \$ 139,079,885 | \$ 133,982,086 | \$ 131,354,986 | \$ 128,779,398 | \$ 126,254,312 | \$ 125,004,269 | \$ 123,791,116 |
| Taxes Levied for Debt Service | 5,642,206 | 5,629,536 | 5,634,050 | 5,634,022 | 5,636,686 | 5,649,644 | 4,080,945 | 3,677,710 | 4,104,906 | 4,224,494 |
| Grants & Contributions | 20,493,728 | 20,388,682 | 21,141,313 | 21,398,708 | 21,471,777 | 19,353,200 | 19,073,690 | 32,422,995 | 33,610,352 | 30,053,437 |
| Tuition Received | 541,805 | 661,808 | 675,538 | 617,093 | 628,344 | 232,050 | 400,795 | 148,950 | - | 97,300 |
| Miscellaneous Income | 1,383,917 | 900,607 | 504,435 | 216,976 | 110,735 | 237,259 | 296,972 | 452,912 | 606,608 | 1,973,568 |
| Transfers In/Out | - | - | - | - | - | - | (212,238) | (300,277) | (120,174) | - |
| Increase in Capital Reserve | - | - | - | - | - | 505,918 | - | - | - | - |
| Cancellation of Prior Year AR | - | - | - | (2,341,783) | - | - | - | - | - | - |
| Changes in IBNR/Miscellaneous | - | - | - | - | - | - | - | (25,108) | - | (1,363) |
| Total Governmental Activities | 175,611,548 | 171,198,879 | 168,757,538 | 164,604,901 | 161,829,628 | 157,333,057 | 152,419,562 | 162,631,494 | 163,205,961 | 160,138,552 |
| Business-Type Activities: | | | | | | | | | | |
| Transfers In/Out | - | - | - | - | - | - | 212,238 | 300,277 | 120,174 | - |
| Investment Earnings | - | - | - | - | - | (49) | (17,344) | 210,181 | - | 154 |
| Total Business-Type Activities | - | - | - | - | - | (49) | 194,894 | 510,458 | 120,174 | 154 |
| Total District-Wide | \$ 175,611,548 | \$ 171,198,879 | \$ 168,757,538 | \$ 164,604,901 | \$ 161,829,628 | \$ 157,333,008 | \$ 152,614,456 | \$ 163,326,135 | \$ 160,138,706 | \$ 153,122,000 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 10,948,964 | \$ 6,409,141 | \$ 2,690,164 | \$ (2,144,658) | \$ (1,782,688) | \$ 288,160 | \$ (2,963,531) | \$ 2,964,754 | \$ 5,391,316 | \$ 5,644,483 |
| Business-Type Activities | (21,473) | (69,689) | 52,806 | (60,067) | 94,239 | 45,606 | 108,494 | (54,195) | (88,063) | (17,372) |
| Total District | \$ 10,927,491 | \$ 6,339,452 | \$ 2,742,970 | \$ (2,204,725) | \$ (1,688,449) | \$ 333,766 | \$ (2,855,037) | \$ 2,910,559 | \$ 5,303,253 | \$ 5,627,111 |

Source: ACFR Schedule A-2

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | | | | | | | | | | |
| General Fund: | | | | | | | | | | |
| Restricted | \$ 10,018,828 | \$ 6,693,563 | \$ 3,571,264 | \$ 3,651,662 | \$ 3,423,708 | \$ 4,727,390 | \$ 5,247,123 | \$ 6,471,176 | \$ 12,755,211 | \$ 14,592,472 |
| Committed | - | - | - | - | - | 1,200,642 | 59,114 | 55,152 | 68,609 | 116,960 |
| Assigned | 2,048,734 | 3,411,700 | 1,228,606 | 1,046,722 | 1,959,341 | 1,091,573 | 1,135,223 | 1,446,486 | 1,345,558 | 868,826 |
| Unassigned | 6,102,884 | 1,774,968 | 2,313,201 | 1,861,900 | 2,167,843 | 1,790,548 | 1,825,603 | 2,119,248 | 1,864,570 | 1,690,411 |
| Total General Fund | \$ 18,170,446 | \$ 11,880,231 | \$ 7,113,071 | \$ 6,560,284 | \$ 7,550,892 | \$ 8,810,153 | \$ 8,267,063 | \$ 10,092,062 | \$ 16,033,948 | \$ 17,268,669 |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Debt Service Fund | \$ 698,305 | \$ 26,594 | \$ 27,897 | \$ 8,643 | \$ 8,643 | \$ 8,642 | \$ 8,642 | \$ 8,642 | \$ 8,642 | \$ 1 |
| Capital Projects Fund | 720,991 | 728,561 | 750,535 | 1,917,414 | 4,874,531 | 4,778,782 | 4,727,481 | 20,130,108 | - | - |
| Special Revenue Fund | 1,155,188 | - | - | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | \$ 2,574,484 | \$ 755,155 | \$ 778,432 | \$ 1,926,057 | \$ 4,883,174 | \$ 4,787,424 | \$ 4,736,123 | \$ 20,138,750 | \$ 8,642 | \$ 1 |

Source: ACFR Schedule B-1

*For the year ended June 30, 2021 fund balance was reclassified due to GASB 84

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|---------------------|---------------------|---------------------|-----------------------|-----------------------|--------------------|------------------------|----------------------|-----------------------|---------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 153,192,098 | \$ 149,247,782 | \$ 146,436,252 | \$ 144,713,907 | \$ 139,618,772 | \$ 137,004,630 | \$ 132,860,343 | \$ 129,932,022 | \$ 129,109,175 | \$ 128,015,610 |
| Tuition Charges | 541,805 | 661,808 | 675,538 | 617,093 | 628,344 | 232,050 | 400,795 | 148,950 | 101,100 | 97,300 |
| Miscellaneous | 1,427,181 | 1,017,242 | 693,314 | 249,345 | 193,229 | 427,691 | 423,803 | 527,863 | 606,648 | 1,973,289 |
| State Sources | 54,672,238 | 48,357,568 | 48,709,077 | 45,587,505 | 42,251,917 | 40,069,224 | 36,749,385 | 37,997,634 | 36,072,842 | 31,538,558 |
| Federal Sources | 4,526,939 | 3,755,849 | 3,517,897 | 3,883,305 | 3,728,006 | 3,537,076 | 3,303,272 | 3,321,341 | 4,165,039 | 4,822,650 |
| Total Revenues | 214,360,261 | 203,040,249 | 200,032,078 | 195,051,155 | 186,420,268 | 181,270,671 | 173,737,598 | 171,927,810 | 170,054,804 | 166,447,407 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 62,261,047 | 60,189,368 | 60,398,418 | 60,349,720 | 60,069,762 | 57,568,220 | 57,621,320 | 56,949,667 | 55,785,779 | 50,982,770 |
| Special Education Instruction | 18,876,189 | 18,837,432 | 18,244,065 | 17,262,648 | 16,621,891 | 15,883,136 | 15,345,997 | 14,604,743 | 13,599,811 | 14,179,046 |
| Other Instruction | 2,063,330 | 2,163,708 | 2,366,527 | 2,253,848 | 2,310,582 | 2,141,302 | 2,055,455 | 1,838,887 | 1,735,033 | 1,564,961 |
| Support Services: | | | | | | | | | | |
| Tuition | 4,685,140 | 4,376,678 | 4,828,921 | 4,706,949 | 5,243,699 | 6,093,146 | 5,890,712 | 5,807,659 | 4,494,803 | 4,416,101 |
| Attendance & Social Work Services | 295,431 | 318,268 | 316,795 | 306,765 | 241,348 | 200,015 | 3,311 | 47,968 | 49,127 | 45,305 |
| Health Services | 2,334,996 | 2,227,847 | 2,802,321 | 2,947,694 | 2,699,507 | 2,578,284 | 2,443,908 | 2,687,737 | 2,336,287 | 2,335,154 |
| Student & Instruction Related Services | 15,317,285 | 14,397,878 | 14,330,895 | 13,830,401 | 12,840,203 | 12,537,797 | 11,885,334 | 11,320,271 | 11,296,878 | 11,017,091 |
| Educational Media Services/ School Library | - | - | - | - | - | 484,439 | 484,011 | 375,004 | 347,073 | 367,428 |
| Instructional Staff Training | - | - | - | - | - | 361,975 | 353,965 | 580,897 | 409,396 | 413,988 |
| Other Administrative Services | 2,235,802 | 2,207,880 | 2,336,266 | 2,316,854 | 2,146,844 | 2,072,846 | 2,168,065 | 2,238,176 | 2,040,475 | 1,559,656 |
| Central Services | 1,484,385 | 1,563,501 | 1,448,494 | 1,371,354 | 1,426,263 | 1,472,607 | 1,519,925 | 1,452,159 | 1,461,756 | 1,448,439 |
| Administration Information Technology Services | 800,600 | 799,664 | 748,625 | 728,250 | 794,558 | 846,043 | 1,007,029 | 807,131 | 811,518 | 821,539 |
| School Administrative Services | 6,488,943 | 6,363,562 | 6,494,424 | 6,530,420 | 6,064,959 | 5,586,092 | 5,859,386 | 5,893,453 | 5,764,937 | 6,090,739 |
| Plant Operations & Maintenance | 14,358,891 | 14,310,896 | 13,695,216 | 13,524,111 | 12,376,281 | 12,117,609 | 12,400,034 | 12,168,418 | 11,600,767 | 12,104,765 |
| Pupil Transportation | 10,579,649 | 10,193,170 | 10,145,281 | 10,358,426 | 9,915,322 | 10,761,129 | 9,894,739 | 9,981,645 | 9,477,122 | 9,330,590 |
| Unallocated Benefits | 58,201,625 | 50,828,661 | 52,443,681 | 48,862,438 | 42,819,524 | 41,299,324 | 38,279,625 | 35,562,799 | 38,895,076 | 36,617,894 |
| Capital Outlay | 1,447,347 | 2,255,685 | 3,133,722 | 15,432,926 | 5,282,644 | 2,956,659 | 20,503,667 | 10,372,975 | 6,251,968 | 3,580,654 |
| Debt Service: | | | | | | | | | | |
| Principal | 5,061,917 | 4,860,000 | 4,660,000 | 4,475,000 | 5,455,000 | 3,839,000 | 2,910,000 | 2,805,000 | 2,650,000 | 2,545,000 |
| Interest & Other Charges | 1,351,116 | 2,220,168 | 2,415,268 | 2,599,293 | 2,775,393 | 3,223,579 | 2,569,255 | 2,673,722 | 2,878,750 | 2,982,650 |
| Total Expenditures | 207,843,693 | 198,114,366 | 200,808,919 | 207,857,097 | 189,083,780 | 181,998,202 | 193,195,738 | 178,168,311 | 171,886,556 | 162,403,770 |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Capital Leases (Non-budgeted) | - | - | - | 11,200,000 | 1,500,000 | 820,000 | 2,442,752 | 1,350,000 | 710,000 | 1,139,356 |
| Cancellation of Prior Year AP | - | - | - | - | - | 505,918 | - | - | - | - |
| Cancellation of Prior Year AR | - | - | - | (2,341,783) | - | - | - | - | - | - |
| FEMA Reimbursement | - | - | - | - | - | - | - | - | 15,846 | - |
| Transfers in | - | - | - | - | - | - | 394,925 | 19,379,000 | - | - |
| Transfers Out | - | - | - | - | - | (3,996) | (607,163) | (300,277) | (120,174) | - |
| Total Other Financing Sources/(Uses) | - | - | - | 8,858,217 | 1,500,000 | 1,321,922 | 2,230,514 | 20,428,723 | 605,672 | 1,139,356 |
| Net Change in Fund Balances | \$ 6,516,568 | \$ 4,925,883 | \$ (776,841) | \$ (3,947,725) | \$ (1,163,512) | \$ 594,391 | \$ (17,227,626) | \$ 14,188,222 | \$ (1,226,080) | \$ 5,182,993 |
| Debt Service as a Percentage of Noncapital Expenditures | 3.21% | 3.75% | 3.71% | 3.82% | 4.69% | 4.11% | 3.28% | 3.38% | 3.45% | 3.61% |

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 |
|--|--|------------------------------|--|-------------------|-------------------------------|---|----------------------|---------------------|
| 2021 | \$ 46,338 | \$ - | \$ - | \$ 14,252 | \$ - | \$ - | \$ 192,323 | \$ 252,913 |
| 2020 | 152,756 | 74 | - | 12,790 | 125,036 | - | 602,611 | 893,266 |
| 2019 | 185,091 | 20,278 | - | 35,347 | 98,768 | - | 145,698 | 485,182 |
| 2018 | 64,555 | - | - | 29,920 | 120,909 | - | 1,592 | 216,976 |
| 2017 | 26,970 | 1,550 | - | 22,245 | 51,154 | - | 8,816 | 110,735 |
| 2016 | 16,030 | - | - | 27,630 | 61,350 | - | 132,248 | 237,258 |
| 2015 | 37,962 | - | - | 29,057 | 217,905 | - | 189,193 | 474,117 |
| 2014 | 15,990 | 23,378 | - | 29,902 | 87,752 | - | 295,890 | 1,886,927 |
| 2013 | 24,225 | - | - | 30,250 | 151,357 | - | 228,007 | 1,382,412 |
| 2012 | 39,862 | - | 67,699 | 37,773 | 356,961 | 1,238,000 | 146,632 | 1,030,953 |
| Total | \$ 609,779 | \$ 45,280 | \$ 67,699 | \$ 269,166 | \$ 1,271,192 | \$ 1,238,000 | \$ 1,943,010 | \$ 6,970,739 |

Source: District Records

| |
|-------------------------------------|
| Revenue Capacity Information |
|-------------------------------------|

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

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

| FISCAL YEAR ENDED JUNE 30, | VACANT LAND | RESIDENTIAL | FARM REG. | OFARM | COMMERCIAL | INDUSTRIAL | APARTMENT | TOTAL ASSESSED VALUE | LESS: TAX EXEMPT PROPERTY | PUBLIC UTILITIES | NET VALUATION TAXABLE | TOTAL DIRECT SCHOOL TAX RATE | ACTUAL (COUNTY EQUALIZED) VALUE |
|---|------------------------|--------------------|----------------------|--------------|-------------------|-------------------|------------------|-------------------------------------|--|-----------------------------|--------------------------------------|---|--|
| 2021 | \$ 82,942,000 | \$ 10,545,723,500 | \$ 140,560,000 | \$ 599,500 | \$ 1,024,223,500 | \$ 9,987,200 | \$ 116,482,800 | \$ 11,920,518,500 | \$ - | \$ 15,061,773 | \$ 11,931,209,173 | 1.295 | \$ 12,447,140,438 |
| 2020 | 92,592,700 | 10,073,170,500 | 143,069,700 | 585,500 | 1,050,855,900 | 5,650,300 | 114,441,200 | 11,480,565,800 | - | 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 |
| 2013 | 75,921,300 | 8,408,698,900 | 126,988,500 | 697,400 | 1,090,669,400 | 2,446,000 | 99,390,700 | 9,858,027,300 | - | 13,874,518 | 9,871,901,818 | 1.323 | 10,412,940,361 |
| 2012 | 76,095,900 | 8,422,778,400 | 124,309,300 | 687,700 | 1,129,125,900 | 2,446,000 | 102,584,100 | 9,882,156,000 | - | 15,274,187 | 9,873,301,487 | 1.308 | 9,858,027,300 |

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>TOTAL DIRECT</u> | <u>TOWNSHIP OF MIDDLETOWN</u> | <u>MONMOUTH COUNTY</u> | <u>COUNTY OPEN SPACE</u> | |
| 2021 | 1.295 | 0.063 | 1.358 | 0.467 | 0.227 | 0.028 | 2.080 |
| 2020 | 1.333 | 0.054 | 1.387 | 0.485 | 0.238 | 0.028 | 2.138 |
| 2019 | 1.265 | 0.052 | 1.317 | 0.531 | 0.236 | 0.028 | 2.112 |
| 2018 | 1.296 | 0.052 | 1.348 | 0.542 | 0.249 | 0.028 | 2.167 |
| 2017 | 1.301 | 0.053 | 1.354 | 0.498 | 0.257 | 0.015 | 2.124 |
| 2016 | 1.289 | 0.054 | 1.343 | 0.512 | 0.261 | 0.015 | 2.131 |
| 2015 | 1.278 | 0.055 | 1.333 | 0.511 | 0.276 | 0.016 | 2.136 |
| 2014 | 1.315 | 0.042 | 1.357 | 0.530 | 0.286 | 0.016 | 2.189 |
| 2013 | 1.286 | 0.037 | 1.323 | 0.515 | 0.286 | 0.016 | 2.140 |
| 2012 | 1.266 | 0.042 | 1.308 | 0.503 | 0.281 | 0.016 | 2.108 |

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

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

| Taxpayer | 2021 | | |
|---|------------------------------|------|---|
| | TAXABLE ASSESSED VALUE | RANK | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| At Middletown NJ Landlord LLC | \$ 170,207,300 | 1 | 1.428% |
| APA Holdings | 37,758,700 | 2 | 0.317% |
| Middletown VF, LLC (V.R. Trust) | 33,057,300 | 3 | 0.277% |
| One River Associates (Mack-Cali Realty Corp.) | 32,722,100 | 4 | 0.275% |
| Centro NP Middletown Plaza Owner | 32,463,700 | 5 | 0.272% |
| Hensyn, Inc. | 27,360,300 | 6 | 0.230% |
| Middletown Marketplace, LLC | 20,421,900 | 7 | 0.171% |
| Middletown Shopping Center | 19,711,000 | 8 | 0.165% |
| McGuire's Grove II Investments, LLC | 17,922,200 | 9 | 0.150% |
| Clarion Partners | 15,594,400 | 10 | 0.131% |
| Total | <u>\$ 407,218,900</u> | | <u>3.416%</u> |

| Taxpayer | 2012 | | |
|---|------------------------------|------|---|
| | TAXABLE ASSESSED VALUE | RANK | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| At Middletown NJ Landlord LLC | \$ 201,600,000 | 1 | 2.040% |
| One River Associates (Mack-Cali Realty Corp.) | 63,443,400 | 2 | 0.642% |
| Four Ponds (CB Richard Ellis, Inc.) | 35,000,000 | 3 | 0.354% |
| Middletown VF, LLC (V.R. Trust) | 33,410,000 | 4 | 0.338% |
| Centro NP Middletown Plaza Owner | 31,895,000 | 5 | 0.323% |
| Hensyn, Inc. | 25,000,000 | 6 | 0.253% |
| Thousand Oaks Village | 24,943,200 | 7 | 0.252% |
| Navesink Country Club | 20,570,900 | 8 | 0.208% |
| Middletown Shopping Center | 17,500,000 | 9 | 0.177% |
| Sears Roebuck & Co. | 17,173,400 | 10 | 0.174% |
| Total | <u>\$ 470,535,900</u> | | <u>4.761%</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 | |
| 2021 | \$ | 153,192,098 | \$ 153,192,098 | 100.00% | - |
| 2020 | | 149,247,782 | 149,247,782 | 100.00% | - |
| 2019 | | 146,436,252 | 146,436,252 | 100.00% | - |
| 2018 | | 144,713,907 | 144,713,907 | 100.00% | - |
| 2017 | | 139,618,772 | 139,618,772 | 100.00% | - |
| 2016 | | 137,004,630 | 137,004,630 | 100.00% | - |
| 2015 | | 132,860,343 | 132,860,343 | 100.00% | - |
| 2014 | | 129,932,022 | 129,932,022 | 100.00% | - |
| 2013 | | 129,109,175 | 129,109,175 | 100.00% | - |
| 2012 | | 128,015,610 | 128,015,610 | 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 | CAPITAL LEASES | | | |
| 2021 | \$ 42,005,000 | \$ 8,895,000 | \$ 50,900,000 | N/A | 779 |
| 2020 | 47,075,000 | 9,650,000 | 56,725,000 | N/A | 866 |
| 2019 | 55,485,000 | 11,352,000 | 66,837,000 | N/A | 1,021 |
| 2018 | 60,145,000 | 12,962,756 | 73,107,756 | N/A | 1,057 |
| 2017 | 64,620,000 | 3,002,683 | 67,622,683 | N/A | 1,033 |
| 2016 | 68,920,000 | 4,018,010 | 72,938,010 | N/A | 1,105 |
| 2015 | 72,759,000 | 5,540,967 | 78,299,967 | N/A | 1,177 |
| 2014 | 75,669,000 | 5,216,008 | 80,885,008 | N/A | 978 |
| 2013 | 59,095,000 | 5,957,313 | 65,052,313 | N/A | 978 |
| 2012 | 61,490,000 | 7,016,107 | 68,506,107 | N/A | 1,030 |

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 |
|---|---|---|--|---|-------------------|
| 2021 | 65,190 | \$ 11,931,209,173 | \$ 42,005,000 | 0.35% | 644 |
| 2020 | 65,311 | 11,490,442,272 | 47,075,000 | 0.41% | 721 |
| 2019 | 65,490 | 11,331,428,725 | 55,485,000 | 0.49% | 847 |
| 2018 | 65,612 | 10,864,913,784 | 60,145,000 | 0.55% | 917 |
| 2017 | 65,490 | 10,685,555,553 | 64,620,000 | 0.60% | 987 |
| 2016 | 66,018 | 10,395,803,041 | 68,920,000 | 0.66% | 1,044 |
| 2015 | 66,522 | 9,838,132,733 | 72,759,000 | 0.74% | 1,094 |
| 2014 | 66,522 | 9,838,132,733 | 75,095,000 | 0.60% | 888 |
| 2013 | 66,522 | 9,818,686,718 | 59,095,000 | 0.60% | 888 |
| 2012 | 66,522 | 9,873,301,487 | 61,490,000 | 0.62% | 924 |

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, 2021**

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE | SHARE OF OVERLAPPING DEBT |
|---|-----------------------------|--|--|
| Debt Repaid With Property Taxes: | | | |
| Township of Middletown | \$ 46,428,959 | 100.0% | \$ 46,428,959 |
| Other Debt: | | | |
| County of Monmouth - Township's Share (%) | 1,283,315,000 | 9.0533% | 116,182,287 |
| Township of Middletown Sewerage Authority | 11,462,142 | 100.0% | <u>11,462,142</u> |
| Subtotal, Overlapping Debt | | | 174,073,388 |
| Middletown Township School District Direct Debt | | | <u>42,005,000</u> |
| Total Direct & Overlapping Debt | | | <u><u>\$ 216,078,388</u></u> |

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

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

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

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

| | FISCAL YEAR | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Debt Limit | \$ 448,306,188 | \$ 437,859,664 | \$ 431,398,485 | \$ 424,439,315 | \$ 417,776,497 | \$ 411,210,910 | \$ 412,170,654 | \$ 418,760,059 | \$ 435,003,780 | \$ 455,345,662 |
| Total Net Debt Applicable to Limit | 42,005,000 | 47,075,000 | 55,485,000 | 60,145,000 | 64,620,000 | 68,920,000 | 72,759,000 | 75,669,000 | 59,095,000 | 61,490,000 |
| Legal Debt Margin | \$ 406,301,188 | \$ 390,784,664 | \$ 375,913,485 | \$ 364,294,315 | \$ 353,156,497 | \$ 342,290,910 | \$ 339,411,654 | \$ 343,091,059 | \$ 375,908,780 | \$ 393,855,662 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 9.37% | 10.75% | 12.86% | 14.17% | 15.47% | 16.76% | 17.65% | 18.07% | 13.58% | 13.50% |

Legal Debt Margin Calculation for Fiscal Year 2020

| | |
|---------------------------|--------------------------|
| Equalized Valuation Basis | |
| 2020 | \$ 11,620,157,083 |
| 2019 | 11,139,909,689 |
| 2018 | 10,862,897,298 |
| | <u>\$ 33,622,964,070</u> |
| | <u>\$ 11,207,654,690</u> |
| | <u>\$ 448,306,188</u> |
| | <u>42,005,000</u> |
| | <u>\$ 406,301,188</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) |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2021 | 65,190 | N/A | N/A | 8.70% |
| 2020 | 65,311 | N/A | N/A | 3.50% |
| 2019 | 65,490 | N/A | N/A | 3.50% |
| 2018 | 65,612 | N/A | N/A | 5.70% |
| 2017 | 65,490 | N/A | N/A | 5.70% |
| 2016 | 66,018 | N/A | N/A | 5.70% |
| 2015 | 66,522 | N/A | N/A | 6.50% |
| 2014 | 66,522 | N/A | N/A | 5.50% |
| 2013 | 66,522 | N/A | N/A | 8.90% |
| 2012 | 66,522 | N/A | N/A | 9.10% |

* 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**

| | 2021 | | |
|--|-----------|------|--------------------------------------|
| | EMPLOYEES | RANK | PERCENTAGE OF TOTAL EMPLOYMENT |
| Middletown Township Board of Education | 1,500 | 1 | 4.74% |
| Middletown Township | 527 | 2 | 1.67% |
| Brookdale Community College | 506 | 3 | 1.60% |
| Food Circus Food Markets | 175 | 4 | 0.55% |
| Iatse Local | 164 | 5 | 0.52% |
| Brighton Gardens of Middletown | 142 | 6 | 0.45% |
| Kohl's Department Store | 123 | 7 | 0.39% |
| Applebees Neighborhood Bar and Grill | 98 | 8 | 0.31% |
| Weichert Realtors | 82 | 9 | 0.26% |
| Psychic Shop | 80 | 10 | 0.25% |
| Total | 3,397 | | 10.74% |
| Total Employment - 2021 (Estimated) | 31,616 | | |

| | 2012 | | |
|--|-----------|------|--------------------------------------|
| | EMPLOYEES | RANK | PERCENTAGE OF TOTAL EMPLOYMENT |
| AT&T | 4100 | 1 | 12.42% |
| Middletown Township Board of Education | 1000 | 2 | 3.03% |
| Brookdale Community College | 756 | 3 | 2.29% |
| Township of Middletown | 440 | 4 | 1.33% |
| Target | 375 | 5 | 1.14% |
| Sears Roebuck & Co. | 330 | 6 | 1.00% |
| Kohl's Department Store | 280 | 7 | 0.85% |
| Shop Rite of Middletown | 259 | 8 | 0.78% |
| Stop & Shop | 235 | 9 | 0.71% |
| T&M Associates | 182 | 10 | 0.55% |
| Total | 7,957 | | 24.11% |
| Total Employment - 2012 (Estimated) | 33,000 | | |

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 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction: | | | | | | | | | | |
| Regular | 612 | 615 | 630 | 636 | 595 | 602 | 623 | 628 | 595 | 588 |
| Special Education | 158 | 162 | 165 | 148 | 172 | 174 | 159 | 158 | 155 | 148 |
| Other Special Instruction | - | - | - | - | - | - | - | - | - | 4 |
| Classroom Paraprofessionals | 288 | 245 | 230 | 257 | 273 | 290 | 305 | 311 | 267 | 248 |
| Support Services: | | | | | | | | | | |
| Attendance Services | 4 | 4 | 4 | 4 | - | - | - | 1 | 1 | 1 |
| Health Services | 20 | 20 | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 |
| Student & Instruction Related Services | 95 | 104 | 108 | 105 | 104 | 105 | 104 | 105 | 105 | 103 |
| Educational Media Services/School Library | 5 | 5 | 5 | 5 | 4 | 5 | 5 | 5 | 5 | 3 |
| School Administrative Services | 68 | 73 | 76 | 77 | 78 | 104 | 85 | 86 | 83 | 83 |
| Central Services | 23 | 21 | 21 | 21 | 20 | 27 | 19 | 18 | 17 | 17 |
| Administrative Information Technology Service | 10 | 11 | 10 | 10 | 13 | 15 | 14 | 13 | 12 | 12 |
| Other Administrative Service | 17 | 17 | 13 | 14 | 8 | 9 | 2 | 2 | 7 | 7 |
| Plant Operations & Maintenance | 164 | 173 | 174 | 156 | 153 | 341 | 156 | 153 | 146 | 143 |
| Pupil Transportation | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total | 1,467 | 1,453 | 1,461 | 1,458 | 1,445 | 1,697 | 1,498 | 1,506 | 1,419 | 1,383 |

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 |
|----------------|------------|----------------------------------|-------------------|----------------------|-----------------------|--------------------------------|---|---|---|-------------------------------------|
| 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 | 21.10% | 901 | 12.1 | 9,574 | 9,306 | 0.30% | 97.20% |
| 2019 | 9,425 | 138,156,247 | 14,658 | -14.52% | 887 | 12.0 | 9,545 | 9,177 | -0.27% | 96.14% |
| 2018 | 9,448 | 162,014,737 | 17,148 | 4.99% | 925 | 12.1 | 9,571 | 9,196 | -1.16% | 96.08% |
| 2017 | 9,528 | 155,621,890 | 16,333 | -1.65% | 922 | 12.2 | 9,684 | 9,253 | -0.15% | 95.55% |
| 2016 | 9,591 | 159,273,974 | 16,607 | 4.93% | 922 | 12.6 | 9,698 | 9,261 | -0.30% | 95.49% |
| 2015 | 9,606 | 152,036,864 | 15,827 | 2.77% | 905 | 12.6 | 9,727 | 9,303 | -0.74% | 95.64% |
| 2014 | 9,678 | 149,037,626 | 15,400 | 6.77% | 885 | 14.2 | 9,800 | 9,418 | -2.79% | 96.10% |
| 2013 | 10,057 | 145,066,695 | 14,424 | 6.99% | 867 | 14.2 | 10,081 | 9,450 | -0.42% | 93.74% |
| 2012 | 10,165 | 137,039,679 | 13,482 | -1.65% | 858 | 14.2 | 10,124 | 9,589 | -1.67% | 94.72% |

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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</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 | 355 | 369 | 366 | 372 | 387 | 387 | 405 | 419 | 435 | 421 |
| 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 | 289 | 296 | 308 | 279 | 279 | 304 | 313 | 328 | 328 |
| Harmony Elementary (1960): | | | | | | | | | | |
| Square Feet | 51,405 | 51,405 | 51,405 | 51,405 | 51,405 | 51,405 | 51,405 | 51,405 | 51,405 | 51,405 |
| Capacity | 863 | 863 | 863 | 863 | 863 | 863 | 863 | 863 | 863 | 863 |
| Enrollment | 465 | 531 | 511 | 495 | 506 | 506 | 501 | 486 | 529 | 490 |
| 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 | 267 | 285 | 274 | 251 | 233 | 233 | 232 | 232 | 235 | 238 |
| 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 | 449 | 456 | 451 | 442 | 456 | 456 | 491 | 509 | 520 | 533 |
| 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 | 408 | 393 | 384 | 382 | 391 | 391 | 413 | 418 | 433 | 446 |
| 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 | 206 | 236 | 233 | 273 | 282 | 282 | 294 | 295 | 279 | 283 |
| 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 | 467 | 359 | 368 | 380 | 412 | 412 | 431 | 453 | 469 | 511 |
| Nut Swamp Elementary (1964) | | | | | | | | | | |
| Square Feet | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 |
| Capacity | 822 | 822 | 822 | 822 | 822 | 822 | 822 | 822 | 822 | 822 |
| Enrollment | 514 | 557 | 571 | 579 | 565 | 565 | 575 | 550 | 560 | 538 |

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

| <u>DISTRICT BUILDINGS</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</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 | 297 | 282 | 301 | 298 | 313 | 313 | 304 | 304 | 296 | 283 |
| Port Monmouth Elementary (1928) | | | | | | | | | | |
| Square Feet | 25,750 | 25,750 | 25,750 | 25,750 | 25,750 | 25,750 | 25,750 | 25,750 | 25,750 | 25,750 |
| Capacity | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 |
| Enrollment | - | 195 | 205 | 218 | 249 | 249 | 247 | 268 | 262 | 254 |
| 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 | 248 | 272 | 285 | 281 | 314 | 314 | 325 | 322 | 315 | 325 |
| 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 | 639 | 624 | 623 | 655 | 672 | 672 | 642 | 667 | 670 | 709 |
| 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 | 939 | 978 | 1,003 | 1,062 | 1,032 | 1,032 | 945 | 945 | 917 | 965 |
| 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 | 636 | 679 | 679 | 710 | 748 | 748 | 731 | 715 | 744 | 781 |
| 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 | 1,331 | 1,334 | 1,440 | 1,367 | 1,390 | 1,390 | 1,425 | 1,382 | 1,605 | 1,592 |
| 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 | 1,495 | 1,540 | 1,557 | 1,429 | 1,418 | 1,418 | 1,403 | 1,400 | 1,460 | 1,468 |

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

| <u>DISTRICT BUILDINGS</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Other Buildings: | | | | | | | | | | |
| Athletic Tensile Structure (2000): | | | | | | | | | | |
| Square Feet | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| Athletic Tensile Structure (2000): | | | | | | | | | | |
| Square Feet | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| Central Administration (1952): | | | | | | | | | | |
| Square Feet | - | - | - | - | - | - | - | - | - | 8,544 |
| Warehouse | | | | | | | | | | |
| Square Feet | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |

Number of Schools at June 30, 2021:

Elementary = 12

Middle School = 3

Senior High School = 2

Other = 3

Source: District Facilities Office, District Records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count. The Port Monmouth Elementary School closed during the 2019-20 School Year. Central Administration building was demolished during the 2012-13 school year.

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

| SCHOOL FACILITIES | PROJECT # (s) | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| High Schools: | | | | | | | | | | | |
| High School North | N/A | \$ 669,852 | \$ 698,997 | \$ 582,394 | \$ 647,478 | \$ 594,341 | \$ 615,678 | \$ 540,713 | \$ 540,713 | \$ 35,766 | \$ 35,766 |
| High School South | N/A | 621,029 | 648,050 | 539,946 | 600,286 | 551,023 | 570,805 | 501,303 | 501,303 | 120,203 | 120,203 |
| Middle Schools: | | | | | | | | | | | |
| Bayshore Middle | N/A | 377,267 | 393,682 | 328,010 | 364,666 | 334,739 | 346,756 | 304,535 | 304,535 | 21,252 | 21,252 |
| Thompson | N/A | 337,987 | 352,693 | 293,859 | 326,698 | 299,887 | 310,653 | 272,827 | 272,827 | 117,674 | 117,674 |
| Thorne | N/A | 337,987 | 352,693 | 293,859 | 326,698 | 299,887 | 310,653 | 272,827 | 272,827 | 97,001 | 97,001 |
| Elementary Schools: | | | | | | | | | | | |
| Bayview | N/A | 115,221 | 120,234 | 100,177 | 111,372 | 102,232 | 105,902 | 93,008 | 93,008 | 14,235 | 14,235 |
| Fairview | N/A | 86,311 | 90,066 | 75,042 | 83,428 | 76,581 | 79,331 | 69,671 | 69,671 | 7,489 | 7,489 |
| Harmony | N/A | 134,612 | 140,469 | 117,037 | 130,116 | 119,437 | 123,725 | 108,660 | 108,660 | 51,247 | 51,247 |
| Leonardo | N/A | 84,465 | 88,140 | 73,437 | 81,643 | 74,943 | 77,634 | 68,181 | 68,181 | 14,219 | 14,219 |
| Lincroft | N/A | 103,594 | 108,101 | 90,068 | 100,134 | 91,916 | 95,216 | 83,622 | 83,622 | 5,814 | 5,814 |
| Middletown Village | N/A | 93,329 | 97,390 | 81,144 | 90,211 | 82,808 | 85,781 | 75,336 | 75,336 | 5,214 | 5,214 |
| Navesink | N/A | 76,237 | 79,554 | 66,283 | 73,690 | 67,643 | 70,071 | 61,539 | 61,539 | 21,007 | 21,007 |
| New Monmouth | N/A | 159,319 | 166,251 | 138,518 | 153,997 | 141,359 | 146,434 | 128,604 | 128,604 | 7,785 | 7,785 |
| Nut Swamp | N/A | 125,224 | 130,673 | 108,874 | 121,041 | 111,108 | 115,097 | 101,082 | 101,082 | 71,635 | 71,635 |
| Ocean Avenue | N/A | 82,592 | 86,186 | 71,809 | 79,834 | 73,282 | 75,913 | 66,670 | 66,670 | 21,441 | 21,441 |
| Port Monmouth | N/A | 67,430 | 70,364 | 58,626 | 65,178 | 59,829 | 61,977 | 54,431 | 54,431 | 5,214 | 5,214 |
| River Plaza | N/A | 83,902 | 87,552 | 72,947 | 81,099 | 74,444 | 77,116 | 67,727 | 67,727 | 108,757 | 108,757 |
| Grand Total | | \$ 3,556,357 | \$ 3,711,094 | \$ 3,092,030 | \$ 3,437,569 | \$ 3,155,459 | \$ 3,268,742 | \$ 2,870,736 | \$ 2,870,736 | \$ 725,953 | \$ 725,953 |

Source: District Records

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021**

| 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 | |
| Limited Builders Risk | \$ 25,000,000 | |
| Flood/Earthquake: | | |
| Flood Zone A & V | \$ 10,000,000 | \$ 500,000 |
| All Other Flood Zones | \$ 25,000,000 | \$ 10,000 |
| Earthquake | \$ 50,000,000 | \$ 1,000 |
| Terrorism | \$ 1,000,000 | |
| Electronic Data Processing: | | |
| Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal | Included | \$ 5,000 |
| Flood (Deductible for Zone A & Z) | | \$ 500,000 |
| (Deductible All Other Flood Zones) | | \$ 10,000 |
| Equipment Breakdown | | |
| Combined Single Limit/Accident for Property Damage & Business Income | \$ 100,000,000 | \$ 5,000 |
| Property Damage | Included | \$ 5,000 |
| Off Premises Property Damage | \$ 1,000,000 | \$ 5,000 |
| Extra Expense | \$ 10,000,000 | \$ 5,000 |
| Service Interruption | \$ 10,000,000 | \$ 5,000 |
| Perishable Goods | \$ 1,000,000 | \$ 5,000 |
| Data Restoration | \$ 1,000,000 | \$ 5,000 |
| Demolition | \$ 1,000,000 | \$ 5,000 |
| Ordinance or Law | \$ 1,000,000 | \$ 5,000 |
| Expediting Expense | \$ 1,000,000 | \$ 5,000 |
| Hazardous Substances | \$ 1,000,000 | \$ 5,000 |
| Newly Acquired Locations - 120 Days Notice | \$ 1,000,000 | \$ 5,000 |
| Crime Coverage: | | |
| Public Employee Dishonesty | \$ 500,000 | \$ 1,000 |
| Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency | \$ 25,000 | \$ 1,000 |
| Forgery or Alteration | \$ 25,000 | \$ 1,000 |
| Computer Fraud | \$ 25,000 | \$ 1,000 |
| Public Officials Bond | | |
| Board Secretary - A Gallagher RLI | \$ 600,000 | |
| General Liability: | | |
| Bodily Injury & Property Damage | \$ 5,000,000 | |
| Products & Completed Operations | \$ 5,000,000 | |
| Sexual Abuse | \$ 5,000,000 | |
| Personal Injury & Advertising Injury | \$ 5,000,000 | |
| Employee Benefits Liability | \$ 5,000,000 | \$ 1,000 |
| Premises Medical Payments | \$10,000 per accident \$5,000 per person | |
| Terrorism | \$ 1,000,000 | |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021**

| 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 againsts "loss"/Wrongful Acts | \$ 5,000,000 | \$ 15,000 |
| Coverage B - defense costs for specific administrative actions | \$ 100,000 | \$ 15,000 |
| Retro Date | 7/1/1986 | |
| 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 | |
| Ski Trip Accident | | |
| National Union Fire Ins Co | \$ 100,000 | |

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, 2021, and the related notes to the financial statements, which collectively comprise the Middletown Township School District's basic financial statements, and have issued our report thereon dated March 11, 2022.

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 in determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Middletown Township School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
March 11, 2022

EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Middletown Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2021. The Middletown Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Middletown Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Middletown Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
March 11, 2022

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER | FEDERAL CFDA NUMBER | FEDERAL AWARD IDENTIFICATION NUMBER | PASS THROUGH ENTITY IDENTIFYING NUMBER | PROGRAM OR AWARD AMOUNT | GRANT PERIOD | BALANCE JUNE 30, 2020 | CARRYOVER (WALKOVER) AMOUNT | CASH RECEIVED | BUDGETARY EXPENDITURES | REPAYMENT OF PRIOR YEARS' BALANCES | PASSED THROUGH TO SUBRECIPIENTS | BALANCE, JUNE 30, 2021 | |
|--|--|---|--|---|--|---|-----------------------------------|--|--|---|---------------------------------------|------------------------|---|
| | | | | | | | | | | | | UNEARNED REVENUE | ACCOUNTS RECEIVABLE DUE TO GRANTOR |
| U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services: Medicaid Assistance Program (SEMI) | 93.778 | 190SN5MAP | 100-084-7540-211 | \$ 177,422 | 7/1/20-6/30/21 | \$ - | \$ - | 177,422 | (177,422) | \$ - | \$ - | \$ - | \$ - |
| Total Medicaid Cluster | | | | | | - | - | 177,422 | (177,422) | - | - | - | - |
| Total U.S. Department of Health and Human Services | | | | | | - | - | 177,422 | (177,422) | - | - | - | - |
| U.S. Department of the Treasury Passed Through New Jersey Department of Education: Coronavirus Relief Fund - Non-Public Digital Divide | 21.019 21.019 | SL19007 CR230C-0V019 | 100-084-5120-517 100-084-5120-516 | 375,291 101,535 | 7/1/20-6/30/21 7/1/20-6/30/21 | - | - | 375,291 101,285 | (375,291) (101,285) | - | - | - | - |
| Total U.S. Department of the Treasury | | | | | | - | - | 476,576 | (476,576) | - | - | - | - |
| U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster: | 10.553 10.553 10.553 | 211N304N1099 211N304N1099 201N304N1099 | 100-010-3350-028 100-010-3350-028 100-010-3350-028 | 354,182 17,232 14,387 | 7/1/20-6/30/21 7/1/20-6/30/21 7/1/20-6/30/21 | - | - | 330,634 17,232 352,607 | (354,182) (17,232) (371,414) | - | - | - | (23,548) - |
| National School Lunch Program | 10.555 | 211N304N1099 | 100-010-3350-028 | 950,505 | 7/1/20-6/30/21 | - | - | 888,764 | (950,505) | - | - | - | (141,741) |
| COVID-19 National School Lunch Program | 10.555 | 211N304N1099 | 100-010-3350-028 | 30,091 | 7/1/20-6/30/21 | - | - | 30,091 | (30,091) | - | - | - | - |
| COVID-19 National School Lunch Program | 10.555 | 201N304N1099 | 100-010-3350-028 | 26,663 | 7/1/19-6/30/20 | (10,639) | - | 10,639 | - | - | - | - | - |
| Healthy Hunger-Free Kids Act | 10.555 | 211N304N1099 | 100-010-3350-026 | 18,956 | 7/1/20-6/30/21 | - | - | 16,129 | (18,956) | - | - | - | (2,827) |
| COVID-19 National School Lunch Program IHFKA | 10.555 | 211N304N1099 | 100-010-3350-026 | 600 | 7/1/20-6/30/21 | - | - | 600 | (600) | - | - | - | - |
| COVID-19 National School Lunch Program IHFKA | 10.555 | 201N304N1099 | 100-010-3350-026 | 547 | 7/1/19-6/30/20 | (218) | - | 218 | - | - | - | - | - |
| Food Distribution Program (Noncash Assistance) | 10.555 | 211N304N1099 | Unavailable | 11,430 | 7/1/20-6/30/21 | - | - | 11,430 | (11,430) | - | - | - | - |
| Total Child Nutrition Cluster | | | | | | (10,857) | - | 877,871 | (1,011,582) | - | - | - | (144,568) |
| Total U.S. Department of Agriculture | | | | | | (16,598) | - | 1,231,478 | (1,382,996) | - | - | - | (168,116) |
| Total U.S. Department of Education | | | | | | (16,598) | - | 1,231,478 | (1,382,996) | - | - | - | (168,116) |
| U.S. Department of Education Passed Through New Jersey Department of Education: No Child Left Behind (N.C.L.B.): | 84.010 84.010 84.010 84.010 84.010 | S010A190030 S010A190030 S010A190030 S010A200030 S010A190030 | 100-084-5064-194 100-084-5064-194 100-084-5064-194 100-084-5064-194 100-084-5064-194 | 549,375 17,971 37,071 556,826 8,156 | 7/1/19-9/30/20 7/1/19-9/30/20 7/1/20-9/30/21 7/1/20-9/30/21 7/1/20-9/30/21 | (221,015) (3,476) (6,527) (221,015) (224,491) | 221,015 - | - 10,188 477,539 5,280 493,027 | - (3,111) (7,881) (550,601) (7,942) (569,635) | - | - | - | - |
| Title II - Part A, Supporting Effective Instruction | 84.367 | S367A190029 | 100-084-5063-290 | 192,513 | 7/1/19-9/30/20 | (28,271) | 68,100 | - | (39,829) | - | - | - | - |
| Title II - Part A, Supporting Effective Instruction | 84.367 | S367A200029 | 100-084-5063-290 | 185,994 | 7/1/20-9/30/21 | (28,271) | (68,100) | 131,121 | (177,341) | - | - | - | (114,074) |
| Title III - English Language Acquisition | 84.365 | S365A190030 | 100-084-5064-187 | 14,093 | 7/1/19-9/30/20 | - | 70 | 7,537 | (70) | - | - | - | - |
| Title III - English Language Acquisition | 84.365 | S365A200030 | 100-084-5064-187 | 13,175 | 7/1/19-9/30/20 | - | (70) | - | (784) | - | - | - | (739) |
| Title III - Immigrant | 84.365 | S365A190030 | 100-084-5064-187 | 212 | 7/1/19-9/30/20 | - | 11,512 | 11,512 | (11,512) | - | - | - | (174) |
| Title III - Immigrant | 84.365 | S365A200030 | 100-084-5064-187 | 212 | 7/1/20-9/30/21 | - | (11,512) | - | (174) | - | - | - | (553) |
| Title IV | 84.424 | S369A190031 | 100-084-5064-189 | 46,367 | 7/1/19-9/30/20 | (276) | 4,617 | - | (4,341) | - | - | 424 | - |
| Title IV | 84.424 | S369A200031 | 100-084-5064-189 | 46,258 | 7/1/20-9/30/21 | (276) | (4,617) | 29,809 | (31,327) | - | - | (424) | (6,559) |
| Special Education Cluster: | | | | | | | | 29,809 | (35,668) | - | - | 424 | (6,559) |
| L.D.E.A. - Part B | 84.027 | H027A190100 | 100-084-5065-016 | 2,664,325 | 7/1/19-9/30/20 | (98,730) | 137,224 | - | (38,494) | - | - | - | (493,419) |
| L.D.E.A. - Part B | 84.027 | H027A200100 | 100-084-5065-016 | 2,859,489 | 7/1/20-9/30/21 | (98,730) | (137,224) | 2,418,661 | (2,661,329) | - | - | - | - |
| L.D.E.A. - Preschool | 84.173 | H173A190114 | 100-084-5065-020 | 153,111 | 7/1/19-9/30/20 | (52,421) | 52,421 | - | (70) | - | - | - | - |
| L.D.E.A. - Preschool | 84.173 | H173A200114 | 100-084-5065-020 | 82,986 | 7/1/20-9/30/21 | (52,421) | (52,421) | 108,249 | (82,487) | - | - | - | (3,278) |
| Total Special Education Cluster | | | | | | (151,151) | - | 2,526,910 | (2,782,310) | - | - | (90,146) | (496,697) |
| CARES Emergency Relief Grant | 84.425D | S425D200027 | N/A | 438,719 | 3/13/19-9/30/22 | (44,354) | - | 284,759 | (107,584) | - | - | - | (67,179) |
| Total U.S. Department of Education | | | | | | (448,543) | - | 3,484,675 | (3,931,969) | - | - | 424 | (963,955) |
| Total Expenditures of Federal Awards | | | | | | (465,141) | \$ - | 5,370,151 | (5,968,963) | \$ - | \$ - | \$ 424 | \$ (1,132,071) |

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
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

| STATE GRANTOR/ PROGRAM TITLE | STATE PROJECT NUMBER | AWARD AMOUNT | GRANT PERIOD | BALANCE JUNE 30, 2020 | CARRYOVER (WALKOVER) AMOUNT | CASH RECEIVED | BUDGETARY EXPENDITURES | PASSED THROUGH TO SUBRECIPIENTS | REPAYMENT OF PRIOR YEARS' BALANCES | BALANCE, JUNE 30, 2021 | | MEMO | | |
|---|----------------------------|-----------------|-----------------|--------------------------|-----------------------------------|------------------|---------------------------|---------------------------------------|---|------------------------|-------------------|-------------------------|---|---------------|
| | | | | | | | | | | UNEARNED REVENUE | DUE TO GRANTOR | BUDGETARY RECEIVABLE | CUMULATIVE TOTAL AL. EXPENDITURES | |
| New Jersey Department of Education: | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| State Aid Public: | | | | | | | | | | | | | | |
| Special Education Categorical Aid | 495-034-5120-089 | \$ 7,019,398 | 7/1/20-6/30/21 | \$ - | \$ - | \$ 7,019,398 | \$ (7,019,398) | \$ - | \$ - | \$ - | \$ - | \$ 692,427 | \$ 7,019,398 | |
| Security Aid | 495-034-5120-084 | 861,307 | 7/1/20-6/30/21 | - | - | 861,307 | (861,307) | - | - | - | - | - | 861,307 | |
| Adjustment Aid | 495-034-5120-085 | 3,727,008 | 7/1/20-6/30/21 | - | - | 3,727,008 | (3,727,008) | - | - | - | - | - | 3,727,008 | |
| Equalization Aid | 495-034-5120-078 | 966,925 | 7/1/20-6/30/21 | - | - | 966,925 | (966,925) | - | - | - | - | - | 966,925 | |
| Total State Aid Public | | | | - | - | 12,574,638 | (12,574,638) | - | - | - | - | 1,240,422 | 12,574,638 | |
| Transportation Aid | 495-034-5120-014 | 3,160,000 | 7/1/20-6/30/21 | - | - | 3,160,000 | (3,160,000) | - | - | - | - | 311,717 | 3,160,000 | |
| Extraordinary Aid | 495-034-5120-473 | 1,613,205 | 7/1/19-6/30/20 | (1,613,205) | - | 1,613,205 | - | - | - | - | - | - | - | |
| Extraordinary Aid | 495-034-5120-473 | 2,497,562 | 7/1/20-6/30/21 | - | - | - | (2,497,562) | - | - | (2,497,562) | - | - | 2,497,562 | |
| Additional Non-Public Transportation Aid | 495-034-5120-014 | 125,796 | 7/1/19-6/30/20 | (125,796) | - | 125,796 | - | - | - | - | - | - | - | |
| Additional Non-Public Transportation Aid | 495-034-5120-014 | 178,772 | 7/1/20-6/30/21 | - | - | - | (178,772) | - | - | (178,772) | - | - | 178,772 | |
| Reimbursed TPAF Social Security Contributions | 495-034-5094-003 | 5,632,800 | 7/1/20-6/30/21 | - | - | 5,351,976 | (5,632,800) | - | - | (280,824) | - | - | 5,632,800 | |
| TPAF - Post Retirement | | | | | | | | | | | | | | |
| Medical (Noncash Assistance) | 495-034-5094-001 | 6,646,895 | 7/1/20-6/30/21 | - | - | 6,646,895 | (6,646,895) | - | - | - | - | - | 6,646,895 | |
| TPAF - Pension | 495-034-5094-002 | 21,210,037 | 7/1/20-6/30/21 | - | - | 21,210,037 | (21,210,037) | - | - | - | - | - | 21,210,037 | |
| TPAF - Long-Term Disability Insurance (Noncash Assistance) | 495-034-5094-004 | 12,038 | 7/1/20-6/30/21 | - | - | 12,038 | (12,038) | - | - | - | - | - | 12,038 | |
| Total General Fund | | | | (1,739,001) | - | 50,694,585 | (51,912,742) | - | - | (2,957,158) | - | 1,552,139 | 51,912,742 | |
| Special Revenue Fund: | | | | | | | | | | | | | | |
| Non-Public Aid: | | | | | | | | | | | | | | |
| Textbooks | 100-034-5120-064 | 126,135 | 7/1/19-6/30/20 | (122,771) | - | 124,453 | - | - | (1,682) | - | - | - | - | |
| Textbooks | 100-034-5120-064 | 143,012 | 7/1/20-6/30/21 | - | - | 143,012 | (140,616) | - | - | - | 2,396 | - | 140,616 | |
| Nursing Services | 100-034-5120-070 | 232,509 | 7/1/19-6/30/20 | 38,028 | - | - | - | - | (38,028) | - | - | - | - | |
| Nursing Services | 100-034-5120-070 | 239,190 | 7/1/20-6/30/21 | - | - | 239,190 | (196,046) | - | - | - | 43,144 | - | 196,046 | |
| Technology Initiative | 100-034-5120-373 | 86,448 | 7/1/19-6/30/20 | 304 | - | - | - | - | (304) | - | - | - | - | |
| Security Aid | 100-034-5120-508 | 359,550 | 7/1/19-6/30/20 | 1,102 | - | - | - | - | (1,102) | - | - | - | - | |
| Security Aid | 100-034-5120-509 | 410,375 | 7/1/20-6/30/21 | - | - | 410,375 | (404,368) | - | - | - | 6,007 | - | 404,368 | |
| Auxiliary Services Aid (Chapter 192): | | | | | | | | | | | | | | |
| Home Instruction | 100-034-5120-067 | 3,572 | 7/1/20-6/30/21 | - | - | - | (3,572) | - | - | (3,572) | - | - | 3,572 | |
| ESL | 100-034-5120-067 | 888 | 7/1/20-6/30/21 | - | - | 888 | - | - | - | - | 888 | - | - | |
| Compensatory Education | 100-034-5120-067 | 184,951 | 7/1/19-6/30/20 | 16,489 | - | 18,587 | - | - | (35,076) | - | - | - | - | |
| Compensatory Education | 100-034-5120-067 | 158,506 | 7/1/20-6/30/21 | - | - | 158,506 | (114,299) | - | - | - | 44,207 | - | 114,299 | |
| Handicapped Services (Chapter 193): | | | | | | | | | | | | | | |
| Examination and Classification | 100-034-5120-066 | 196,405 | 7/1/19-6/30/20 | 19,547 | - | - | - | - | (19,547) | - | - | - | - | |
| Examination and Classification | 100-034-5120-066 | 189,716 | 7/1/20-6/30/21 | - | - | 189,716 | (189,366) | - | - | - | 350 | - | 189,366 | |
| Corrective Speech | 100-034-5120-066 | 60,152 | 7/1/19-6/30/20 | 1,713 | - | - | - | - | (1,713) | - | - | - | - | |
| Corrective Speech | 100-034-5120-066 | 51,038 | 7/1/20-6/30/21 | - | - | 51,038 | (51,038) | - | - | - | - | - | 51,038 | |
| Supplementary Instruction | 100-034-5120-066 | 161,572 | 7/1/19-6/30/20 | (45,184) | - | - | - | - | 45,184 | - | - | - | - | |
| Supplementary Instruction | 100-034-5120-066 | 159,225 | 7/1/20-6/30/21 | - | - | 159,225 | (159,225) | - | - | - | - | - | 159,225 | |
| Total Special Revenue Fund | | | | (90,772) | - | 1,540,174 | (1,258,530) | - | (97,452) | - | (3,572) | 96,992 | 1,258,530 | |
| Debt Service Fund: | | | | | | | | | | | | | | |
| Debt Service Aid | 495-034-5120-075 | 1,414,012 | 7/1/20-6/30/21 | - | - | 1,414,012 | (1,414,012) | - | - | - | - | - | 1,414,012 | |
| Total Debt Service Fund | | | | - | - | 1,414,012 | (1,414,012) | - | - | - | - | - | 1,414,012 | |
| New Jersey Department of Agriculture: | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| National School Lunch Program | 100-010-3350-023 | 54,928 | 7/1/20-6/30/21 | - | - | 40,174 | (54,928) | - | - | - | (14,754) | - | 54,928 | |
| National School Lunch Program | 100-010-3350-023 | 23,613 | 7/1/19-6/30/20 | (6,295) | - | 6,295 | - | - | - | - | - | - | - | |
| Total Enterprise Fund | | | | (6,295) | - | 46,469 | (54,928) | - | - | - | (14,754) | - | 54,928 | |
| Total State Financial Assistance | | | | \$ (1,856,068) | \$ - | \$ 53,695,240 | \$ (54,640,212) | \$ - | \$ (97,452) | \$ - | \$ (2,975,484) | \$ 96,992 | \$ 1,552,139 | \$ 54,640,212 |
| State Financial Assistance Programs not Subject to Calculation for Major Program Determination: | | | | | | | | | | | | | | |
| TPAF - Post Retirement | 495-034-5094-001 | \$ 6,646,895 | 7/1/20-6/30/21 | - | - | \$ 6,646,895 | - | - | - | - | - | - | - | |
| TPAF - Pension | 495-034-5094-002 | 21,210,037 | 7/1/20-6/30/21 | - | - | 21,210,037 | - | - | - | - | - | - | - | |
| TPAF - Long-Term Disability Insurance (Noncash Assistance) | 495-034-5094-004 | 12,038 | 7/1/20-6/30/21 | - | - | 12,038 | - | - | - | - | - | - | - | |
| Total State Financial Assistance Subject to Calculation for Major Program Determination | | | | | | \$ (26,771,242) | | | | | | | | |

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, 2021

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, 2021. 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, 2021.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021 (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 \$86,954 for the general fund and \$(62,659) 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 | \$ 177,422 | \$ 51,999,696 | \$ 52,177,118 |
| Special Revenue Fund | 4,349,517 | 1,258,530 | 5,608,047 |
| Debt Service Fund | - | 1,414,012 | 1,414,012 |
| Food Service Fund | 1,382,996 | 54,928 | 1,437,924 |
| Total Awards & Financial Assistance | <u>\$ 5,909,935</u> | <u>\$ 54,727,166</u> | <u>\$ 60,637,101</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, 2021.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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 | _____ <u>X</u> no |
| 2) Significant deficiency(ies) identified? | _____ yes | _____ <u>X</u> none reported |
| Noncompliance material to financial statements noted? | _____ yes | _____ <u>X</u> no |

Federal Awards

| | | |
|---|-----------|------------------------------|
| Internal control over major programs: | | |
| 1) Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2) Significant deficiency(ies) identified? | _____ yes | _____ <u>X</u> 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 | _____ <u>X</u> no |

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-----------------------|---|
| 21.019 | SLT0007 | Coronavirus Relief Fund |
| 21.019 | C8220COVID19 | Coronavirus Relief Fund - Non-Public Digital Divide |
| 84.425D | S425D200027 | CARES Emergency Relief Grant |
| 10.555 | 211NJ304N1099 | Child Nutrition Cluster: |
| 10.555 | 211NJ304N1099 | National School Lunch Program |
| 10.553 | 211NJ304N1099 | Healthy Hunger-Free Kids Act |
| | | School Breakfast Program |

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

State Financial Assistance

Identification of major programs:

Name of State Program

Debt Service Aid

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021**

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.

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

Middletown, New Jersey
County of Monmouth

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
YEAR ENDED JUNE 30, 2021**

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**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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 generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Middletown Township School District in the County of Monmouth for the year ended June 30, 2021, and have issued our report thereon dated March 11, 2022.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Middletown Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
March 11, 2022

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ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School District's ACFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|---------------------|---|---------------|
| Amy P. Doherty, CPA | Board Secretary/School Business Administrator | \$ 600,000 |

There is a Public Employee's Faithful Performance Blanket Position Bond with the New Jersey School Board Association Insurance Group covering all other employees with multiple coverage of \$100,000 each person/\$50,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

A sample examination of claims paid during the period under the review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

Sampled payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.29(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0% percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

Treasurer's Records

The School District does not maintain a Treasurer.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I, II and III of the Elementary and Secondary Education Act as amended and reauthorized.

T.P.A.F. Reimbursement

Our audit procedures included a sample test of the biweekly reimbursements forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at: https://www.nj.gov/dca/divisions/dlgs/programs/lpcl_docs/Contracting%20Threshold%20Tables.pdf

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,600 for 2020-21.

The district board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our tests on sample basis, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

School Food Service

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records, were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

School Food Service (Continued)

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$180,000. Due to COVID-19 the School District and the FSMC renegotiated the operating results guarantee to \$130,890. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under the SSO or SFSP program requirements.

The FSMC did apply for and receive a loan in accordance with the Payroll Protection Plan and did use the funds to pay for costs applicable to the Food Service Programs. The PPP loan was subsequently forgiven and the FSMC did refund or credit the applicable amounts to the SFA.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Student Body Activities

Our review of the financial and accounting records for student activities indicated they were in satisfactory condition.

Application for State School Aid (ASSA)

Our audit procedures included a sample test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments

The School District maintained workpapers on the prescribed state forms of their equivalent.

The School District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a sample test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

Facilities and Capital Assets

Our review of the financial and accounting records for capital assets indicated they were in satisfactory condition.

Miscellaneous

The School District complied with its most recent continuing disclosure agreements in relation to prior year bond issuances.

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2021.

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
March 11, 2022

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| ADDITIONAL INFORMATION |
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MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | 2021-2022 Application for State School Aid | | | | | | Sample for Verification | | | | | | Private Schools for Disabled | | | |
|----------------------------|--|--------|--|------------------------|--------|--|---------------------------------|--------|--|--------------------------------|--------|--|------------------------------|------|--------|---|
| | Reported on A.S.S.A. On Roll | | | Reported on Workpapers | | | Sample Selected from Workpapers | | | Registers Verified per On Roll | | | Errors per Registers On Roll | Full | Shared | Reported on A.S.S.A. as Private Schools |
| | Full | Shared | | Full | Shared | | Full | Shared | | Full | Shared | | | | | |
| Half Day Preschool 3 Yrs. | 34 | - | | 34 | - | | 1 | - | | 1 | - | | - | - | - | - |
| Half Day Preschool 4 Yrs. | 49 | - | | 49 | - | | 2 | - | | 2 | - | | - | - | - | - |
| Half Day Kindergarten | - | - | | - | - | | - | - | | - | - | | - | - | - | - |
| Full Day Kindergarten | 526 | - | | 526 | - | | 18 | - | | 18 | - | | - | - | - | - |
| One | 532 | - | | 532 | - | | 18 | - | | 18 | - | | - | - | - | - |
| Two | 594 | - | | 594 | - | | 20 | - | | 20 | - | | - | - | - | - |
| Three | 524 | - | | 524 | - | | 18 | - | | 18 | - | | - | - | - | - |
| Four | 517 | - | | 517 | - | | 18 | - | | 18 | - | | - | - | - | - |
| Five | 569 | - | | 569 | - | | 19 | - | | 19 | - | | - | - | - | - |
| Six | 548 | - | | 548 | - | | 19 | - | | 19 | - | | - | - | - | - |
| Seven | 600 | - | | 600 | - | | 20 | - | | 20 | - | | - | - | - | - |
| Eight | 601 | - | | 601 | - | | 20 | - | | 20 | - | | - | - | - | - |
| Nine | 566 | - | | 566 | - | | 20 | - | | 20 | - | | - | - | - | - |
| Ten | 567 | - | | 567 | - | | 19 | - | | 19 | - | | - | - | - | - |
| Eleven | 616 | 24 | | 616 | 24 | | 21 | - | | 21 | - | | - | - | - | - |
| Twelve | 534 | 24 | | 534 | 24 | | 18 | - | | 18 | - | | - | - | - | - |
| Subtotal | 7,377 | 48 | | 7,377 | 48 | | 251 | 2 | | 251 | 2 | | - | - | - | - |
| Special Ed - Elementary | 633 | - | | 633 | - | | 22 | - | | 22 | - | | - | - | - | 6 |
| Special Ed - Middle School | 465 | - | | 465 | - | | 16 | - | | 16 | - | | - | - | - | 5 |
| Special Ed - High School | 543 | 107 | | 543 | 107 | | 18 | - | | 18 | - | | - | - | - | 9 |
| Subtotal | 1,641 | 107 | | 1,641 | 107 | | 56 | 4 | | 56 | 4 | | - | - | - | 27 |
| Totals | 9,018 | 155 | | 9,018 | 155 | | 307 | 6 | | 307 | 6 | | - | - | - | 42 |
| Percentage Error | | | | | | | | | | | | | 0% | | | 0% |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | 2021-2022 Application for State School Aid | | | Sample for Verification | | | Resident LEP Low Income | | | Sample for Verification | | |
|----------------------------|--|--------------------------------------|--------|---------------------------------|--------------------------------------|---------------|---------------------------------------|---------------------------------------|--------|---------------------------------|--------------------------------------|---------------|
| | Reported on A.S.S.A as Low Income | Reported on Workpapers as Low Income | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | Reported on A.S.S.A as LEP Low Income | Reported on Workpapers LEP Low Income | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors |
| Full Day Kindergarten | 37 | 37 | - | 9 | 9 | - | 2 | 2 | - | 2 | 2 | - |
| One | 58 | 58 | - | 14 | 14 | - | 4 | 4 | - | 3 | 3 | - |
| Two | 48 | 48 | - | 11 | 11 | - | 2 | 2 | - | 2 | 2 | - |
| Three | 50 | 50 | - | 12 | 12 | - | 2 | 2 | - | 2 | 2 | - |
| Four | 43 | 43 | - | 10 | 10 | - | 2 | 2 | - | 2 | 2 | - |
| Five | 56 | 56 | - | 14 | 14 | - | - | - | - | - | - | - |
| Six | 48 | 48 | - | 12 | 12 | - | - | - | - | - | - | - |
| Seven | 55 | 55 | - | 13 | 13 | - | 1 | 1 | - | 1 | 1 | - |
| Eight | 47 | 47 | - | 11 | 11 | - | - | - | - | - | - | - |
| Nine | 48 | 48 | - | 11 | 11 | - | 1 | 1 | - | 1 | 1 | - |
| Ten | 53 | 53 | - | 13 | 13 | - | 1 | 1 | - | 1 | 1 | - |
| Eleven | 46 | 46 | - | 11 | 11 | - | - | - | - | - | - | - |
| Twelve | 36 | 36 | - | 14 | 14 | - | - | - | - | - | - | - |
| Subtotal | 625 | 625 | - | 155 | 155 | - | 15 | 15 | - | 14 | 14 | - |
| Special Ed - Elementary | 143 | 143 | - | 36 | 36 | - | 3 | 3 | - | 3 | 3 | - |
| Special Ed - Middle School | 114 | 114 | - | 28 | 28 | - | - | - | - | - | - | - |
| Special Ed - High School | 140.5 | 140.5 | - | 35 | 35 | - | - | - | - | - | - | - |
| Subtotal | 397.5 | 397.5 | - | 99 | 99 | - | 3 | 3 | - | 3 | 3 | - |
| Train Sch/Secure Care | - | - | - | - | - | - | - | - | - | - | - | - |
| DCF Regional Day School | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | 1,022.5 | 1,022.5 | - | 254 | 254 | - | 18 | 18 | - | 17 | 17 | - |
| Percentage Error | 0.00% | | | 0.00% | | | 0.00% | | | 0.00% | | |

Transportation

| | Reported on DTRS by DOE/County | Reported on DTRS by District | Errors | Tested | Verified | Errors |
|----------------------------------|--------------------------------|------------------------------|--------|--------|----------|--------|
| Reg. - Public Schools, col. 1 | 2,135 | 2,135 | - | 119 | 119 | - |
| Reg - Sp Ed, col. 4 | 578 | 578 | - | 32 | 32 | - |
| Transported - Non-Public, col. 3 | 600 | 600 | - | 33 | 33 | - |
| AIL - Non Public | 209 | 209 | - | 12 | 12 | - |
| Courtesy Students | 1,803 | 1,803 | - | 101 | 101 | - |
| Special Ed Spec, col. 6 | 266 | 266 | - | 15 | 15 | - |
| Totals | 5,591 | 5,591 | - | 312 | 312 | - |
| Percentage Error | 0.00% | | | 0.00% | | |

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | 2021-2022 Application for State School Aid | | | Sample for Verification | | |
|----------------------------|--|-------------------------------------|--------|---------------------------------------|---|------------------|
| | Reported on | | Errors | Sample Selected from Workpapers | Verified to Test Score and Register | Sample Errors |
| | A.S.S.A as LEP Not Low Income | Workpapers LEP Not Low Income | | | | |
| Full Day Kindergarten | 3 | 3 | - | 3 | 3 | - |
| One | 2 | 2 | - | 2 | 2 | - |
| Two | 3 | 3 | - | 3 | 3 | - |
| Three | 4 | 4 | - | 3 | 3 | - |
| Four | 2 | 2 | - | 2 | 2 | - |
| Five | 1 | 1 | - | 1 | 1 | - |
| Six | 2 | 2 | - | 2 | 2 | - |
| Seven | 1 | 1 | - | 1 | 1 | - |
| Eight | 1 | 1 | - | 1 | 1 | - |
| Ten | 1 | 1 | - | 1 | 1 | - |
| Subtotal | 20 | 20 | - | 19 | 19 | - |
| Special Ed - Elementary | 1 | 1 | - | 1 | 1 | - |
| Special Ed - Middle School | 1 | 1 | - | 1 | 1 | - |
| Subtotal | 2 | 2 | - | 2 | 2 | - |
| Totals | 22 | 22 | - | 21 | 21 | - |
| Percentage Error | | | 0.00% | | | 0.00% |

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

MIDDLETOWN TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| PROGRAM | MEAL CATEGORY | MEALS CLAIMED | MEALS TESTED | MEALS VERIFIED | DIFFERENCE | RATE (a) | (OVER) UNDER CLAIM (b) |
|---|-------------------------|------------------|-----------------|-------------------|------------|----------|------------------------------|
| National School Lunch (Regula/Rate) | Paid | - | - | - | - | 0.33 | - |
| National School Lunch (Regular Rate) | Reduced | - | - | - | - | 3.11 | - |
| National School Lunch (Regular/SSO Rate) | Free | 279,372 | 279,372 | 279,372 | - | 3.51 | - |
| | TOTAL | 279,372 | 279,372 | 279,372 | | | - |
| | HHFKA - PB | | | | | | |
| National School Lunch | Lunch Only | 279,372 | 279,372 | 279,372 | - | 0.07 | - |
| School Breakfast (Regular Rate) | Paid | - | - | - | - | 0.32 | - |
| | Reduced | - | - | - | - | 1.59 | - |
| | Free | 144,857 | 144,857 | 144,857 | - | 1.89 | - |
| | TOTAL | 144,857 | 144,857 | 144,857 | | | - |
| Special Milk | Paid | - | - | - | - | 0.2025 | - |
| After School Snacks | Paid | - | - | - | - | 0.08 | - |
| | Reduced | - | - | - | - | 0.48 | - |
| | Free (Area Eligible) | - | - | - | - | 0.96 | - |
| | TOTAL | - | - | - | | | - |
| Seamless Summer Option (SSO) | | | | | | | |
| Breakfast | Free | - | - | - | - | 1.89 | - |
| Lunch | Free | - | - | - | - | 3.51 | - |
| | | - | - | - | | | - |
| | HHFKA - PB | | | | | | |
| National School Lunch | Lunch Only | - | - | - | - | 0.07 | - |
| Child & Adult Care Food | | | | | | | |
| CACFP (d) - Food | Free | - | - | - | - | 3.51 | - |
| CACFP (d) - Cash-in-lieu of USDA Foods | Free | - | - | - | - | 0.245 | - |
| | | - | - | - | | | - |
| Summer Food Service (SFSP) | <u>SELF-PREP RATES</u> | | | | | | |
| | Breakfast | - | - | - | - | 2.375 | - |
| | Lunch or Supper | - | - | - | - | 4.1525 | - |
| | Supplement | - | - | - | - | 0.9775 | - |
| | TOTAL | - | - | - | - | | - |
| | <u>VENDED RATE</u> | | | | | | |
| | Breakfast | - | - | - | - | 2.33 | - |
| | Lunch or Supper | - | - | - | - | 4.0875 | - |
| | Supplement | - | - | - | - | 0.955 | - |
| | TOTAL | - | - | - | - | | - |

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

NET CASH RESOURCE SCHEDULE

NET CASH RESOURCES DID NOT EXCEED THREE MONTHS OF EXPENDITURES PROPRIETARY FUNDS - FOOD SERVICE FYE 2021

Food
Service
B - 4/5

Net Cash Resources:

| | | | | |
|------|---|--------------------------------|-----------|---------------------|
| ACFR | * | Current Assets | | |
| B-4 | | Due from Other Gov'ts | \$ | 182,870 |
| B-4 | | Accounts Receivable | | 8,974 |
| B-4 | | Investments | | - |
| ACFR | | Current Liabilities | | |
| B-4 | | Cash Deficit | | (22,610) |
| B-4 | | Less Accounts Payable | | (133,945) |
| B-4 | | Less Accruals | | |
| B-4 | | Less Other Current Liabilities | | (254) |
| B-4 | | Less Deferred Revenue | | (131,494) |
| | | Net Cash Resources | \$ | (96,459) (A) |

Net Adj. Total Operating Expense:

| | | | | |
|-----|--|-----------------------------|-----------|----------------------|
| B-5 | | Tot. Operating Exp. | \$ | 1,459,524 |
| B-5 | | Less Depreciation | | (66,811) |
| | | Adj. Tot. Oper. Exp. | \$ | 1,392,713 (B) |

Average Monthly Operating Expense:

| | | |
|--------|-----------|--------------------|
| B / 10 | \$ | 139,271 (C) |
|--------|-----------|--------------------|

Three times monthly Average:

| | | |
|-------|-----------|--------------------|
| 3 X C | \$ | 417,814 (D) |
|-------|-----------|--------------------|

| | | |
|---------------------|-----------|------------------|
| TOTAL IN BOX A | \$ | (96,459) |
| LESS TOTAL IN BOX D | | 417,814 |
| NET | \$ | (514,273) |

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

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EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

| | | | |
|---|----|---------------------------|-------|
| 2020-2021 Total General Fund Expenditures per the ACFR, Ex. C-1 | \$ | <u>195,469,004</u> | (B) |
| Increased by: | | | |
| Transfer to Food Service Fund | \$ | <u>-</u> | (B1a) |
| Transfer from Capital Outlay to Capital Projects Fund | \$ | <u>-</u> | (B1b) |
| Transfer from Capital Reserve to Capital Projects Fund | \$ | <u>-</u> | (B1c) |
| Transfer from General Fund to SRF for PreK-Regular | \$ | <u>-</u> | (B1d) |
| Transfer from General Fund to SRF for PreK-Inclusion | \$ | <u>-</u> | (B1e) |
| Decrease by: | | | |
| On-Behalf TPAF Pension & Social Security | \$ | <u>33,501,770</u> | (B2a) |
| Assets Acquired Under Capital Leases | \$ | <u>-</u> | (B2b) |
| Adjusted 2020-2021 General Fund Expenditures [(B)+(B1s)-(B2s)] | \$ | <u><u>161,967,234</u></u> | (B3) |
| 4% of Adjusted 2020-2021 General Fund Expenditures [(B3) times .04] | \$ | <u>6,478,689</u> | (B4) |
| Enter Greater of (B4) or \$250,000 | \$ | <u>6,478,689</u> | (B5) |
| Increased by: Allowable Adjustment * | \$ | <u>1,176,334</u> | (K) |
| Maximum Unassigned Fund Balance [(B5)+(K)] | \$ | <u><u>7,655,023</u></u> | (M) |

SECTION 2

| | | | |
|---|----|-------------------------|------|
| Total General Fund - Fund Balances @ 6/30/2021 (Per ACFR Budgetary Comparison Schedule C-1) | \$ | <u>19,722,585</u> | (C) |
| Decreased by: | | | |
| Year-End Encumbrances | \$ | <u>2,048,734</u> | (C1) |
| Legally Restricted - Designated for Subsequent Year's Expenditures | \$ | <u>-</u> | (C2) |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures** | \$ | <u>989,299</u> | (C3) |
| Other Restricted Fund Balances **** | \$ | <u>8,629,855</u> | (C4) |
| Assigned Fund Balance - Designated for Subsequent Year's Expenditures | \$ | <u>-</u> | (C5) |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)] | \$ | <u><u>8,054,697</u></u> | (U1) |

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-] \$ 399,674 (E)

Recapitulation of Excess Surplus as of June 30, 2021

| | |
|--|--------------------------------|
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** | \$ <u>989,299</u> (C3) |
| Reserved Excess Surplus *** [(E)] | \$ <u>399,674</u> (E) |
| Total Excess Surplus [(C3)+(E)] | \$ <u><u>1,388,973</u></u> (D) |

Footnotes:

*Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized Current Year School Bus Advertising revenue; and

(J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

| | |
|--|--------------------------------|
| Impact Aid | \$ <u>-</u> (H) |
| Sale & Lease-back | \$ <u>-</u> (I) |
| Extraordinary Aid | \$ <u>997,562</u> (J1) |
| Additional Nonpublic School Transportation Aid | \$ <u>178,772</u> (J2) |
| Current Year School Bus Advertising Revenue Recognized | \$ <u>-</u> (J3) |
| Family Crisis Transportation Aid | \$ <u>-</u> (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] | \$ <u><u>1,176,334</u></u> (K) |

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2021 ACFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

REGULAR DISTRICT (continued):

Detail of Other Restricted Fund Balance

Statutory Restrictions:

| | |
|---|-----------------------|
| Approved Unspent Separate Proposal | \$ - |
| Sale/Lease-Back Reserve | \$ - |
| Capital Reserve | \$ 3,858,138 |
| Maintenance Reserve | \$ 2,060,533 |
| Reserve for Unemployment Claims | \$ 421,944 |
| Emergency Reserve | \$ - |
| Tuition Reserve | \$ - |
| School Bus Advertising 50% Fuel Offset Reserve - Current Year | \$ - |
| School Bus Advertising 50% Fuel Offset Reserve - Prior Year | \$ - |
| Impact Aid General Fund Reserve (Sections 8002 and 8003) | \$ - |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008) | \$ - |
| Other State/Government Mandated Reserve | \$ 2,289,240 |
| [Other Restricted Fund Balance Not Noted Above] **** | \$ - |
| Total Other Restricted Fund Balance | \$ 8,629,855 (C4) |

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
YEAR ENDED JUNE 30, 2021**

SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

No Prior Year Audit Findings/Recommendations