

**SCHOOL DISTRICT
OF THE
BOROUGH OF MADISON**

**Borough of Madison School District
Madison, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

Borough of Madison School District

Madison, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Borough of Madison School District
Board of Education**

BOROUGH OF MADISON SCHOOL DISTRICT
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**INTRODUCTORY SECTION
(UNAUDITED)**



BOARD OF EDUCATION OF THE BOROUGH OF MADISON

359 Woodland Road • Madison, NJ 07940 • (973) 593-3101 • Fax (973) 593-3161

Mark Schwarz
Superintendent

Vincent Occhino
Acting Business Administrator/
Board Secretary

November 8, 2019

The Honorable President and Members of
the Board of Education
Borough of Madison School District
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Borough of Madison School District (the "District") for the fiscal year ended June 30, 2019, 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 (the "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 basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. 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*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Madison School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Madison School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for disabled youngsters. The District completed the 2018-2019 fiscal year with an average daily enrollment of 2,629 students, which is an increase of 9 students from the previous fiscal year's average daily enrollment. This increase was preceded by a 13 student increase in the average daily enrollment in the 2017-2018 fiscal year.

2) ECONOMIC CONDITION AND OUTLOOK: Although Madison Schools have seen recent increases in State funding and a new revenue stream in the form of PILOT payments from the development of the Green Village Road School property, the district continues to experience financial constraints as salaries, transportation costs and health care costs consistently rise at rates that exceed the allowed 2% salary cap. Without banked cap, we have been relying on allowable health benefits adjustments, facilities use agreements and tuition student recruitment efforts to increase revenues. In order to reduce expenses, we have eliminated administrative positions, outsourced teacher's assistants and improved our special education services (reducing the number of OOD student placements). We will need to have continuing success with our efficiency initiatives if we are to maintain our robust programs.

3) MAJOR INITIATIVES: Recently, the District has renovated the High School Locker Rooms, added STEAM Labs at both the high school and middle school, renovated the middle school media center and added chorus and band rooms at the high school. At the elementary schools, we have engaged in facilities upgrades to accommodate our Full Day Kindergarten initiative which began the current year.

In addition to these large scale projects, we are continuing to add courses and research-based programs each year. Further, we are continually upgrading our security systems and currently have state of the art camera systems and panic buttons installed in each school.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 generally accepted accounting principles (GAAP). The internal control system is 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of 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 fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2019.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

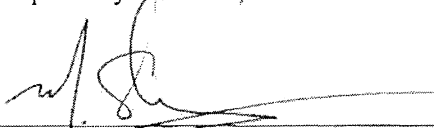
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

The Board is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group and the Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group and the Fund is included in Note 11 to the Basic Financial Statements.

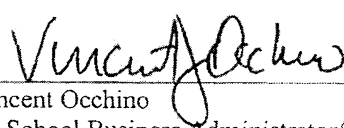
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was 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*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Madison School Board for their concern in providing fiscal accountability 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 the financial and accounting staff.

Respectfully submitted,

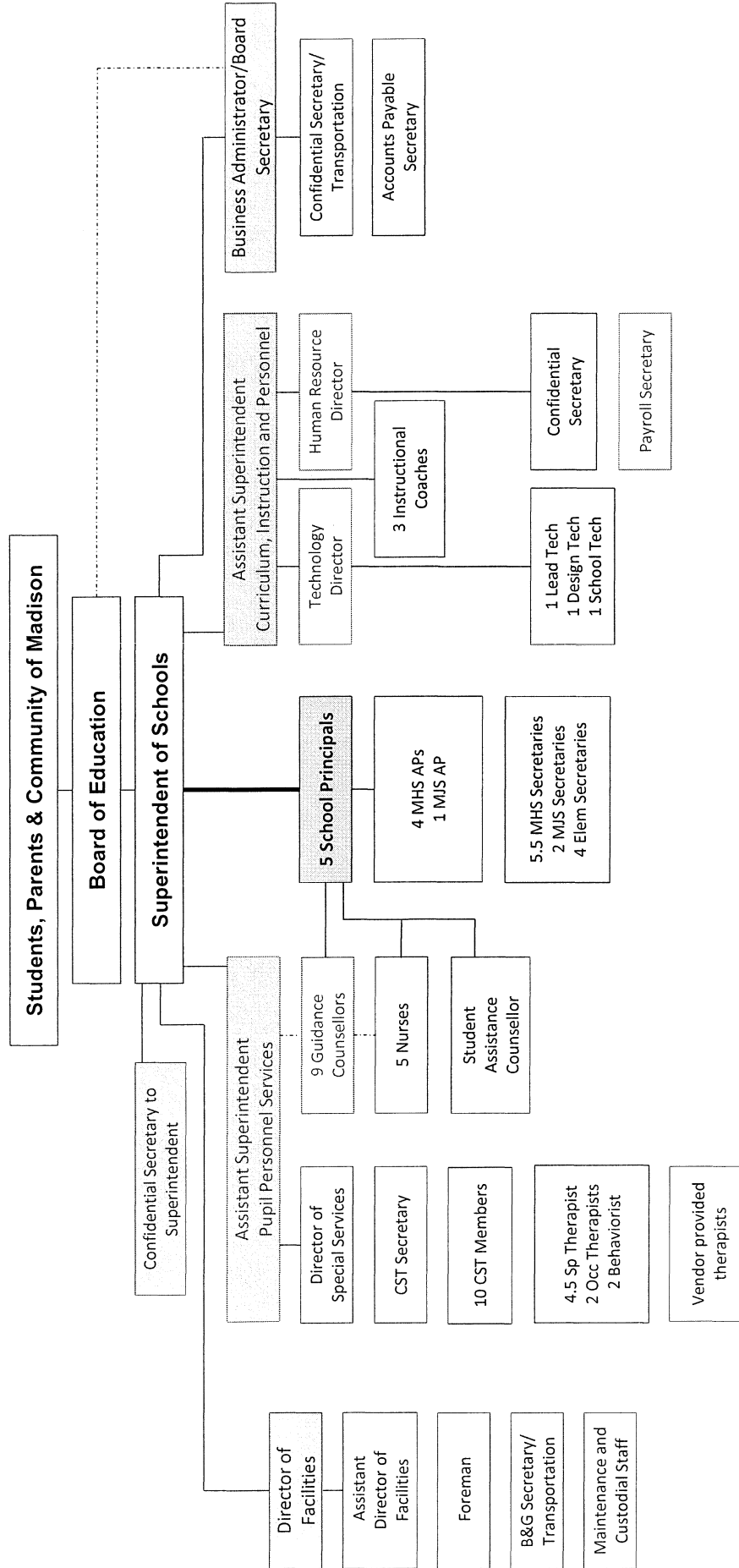


Mark Schwarz
Superintendent



Dr. Vincent Occhino
Acting School Business Administrator/Board Secretary

Madison Public School District Organization



**BOROUGH OF MADISON SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Leslie Lajewski, President	2019
Heather Reddy, Vice-President	2020
Johanna Habib	2019
David Irwin	2020
Thomas Piskula	2021
Sarah Fischer	2021
Pamela Yousey	2020
Abi Singh, Harding Township Representative	

<u>Other Officials</u>	<u>Title</u>
Mark Schwarz	Superintendent of Schools
Gary S. Lane	School Business Administrator/Board Secretary (until 2/27/19)
Eulalia Gillis	Acting School Business Administrator/Board Secretary (2/27/19-9/30/19)
Abigail E. Kutz	Treasurer of School Monies

BOROUGH OF MADISON SCHOOL DISTRICT
Consultants and Advisors

Attorneys

Porzio, Bromberg & Newman, LLC
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07960

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169 Ramapo Valley Road
Oakland, NJ 07436

Machado Law
1 Cleveland Place
Springfield Township, NJ 07081

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

Official Depository

The Provident Bank
98 Main Street
Madison, NJ 07940

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Madison School District
County of Morris, New Jersey

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 Board of Education of the Borough of Madison School District in the County of Morris, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 *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. 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 Board of Education of the Borough of Madison School District, in the County of Morris, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Borough of Madison School District
Page 3

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the 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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 8, 2019

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

This section of Borough of Madison School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. 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.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as the food service, integrated preschool, kindergarten wrap-around and summer programs.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- The *Notes to the Basic Financial Statements* provide additional information essential to a full understanding of the *District-wide* and *fund financial statements*.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of the Borough of Madison School District's Financial Report**

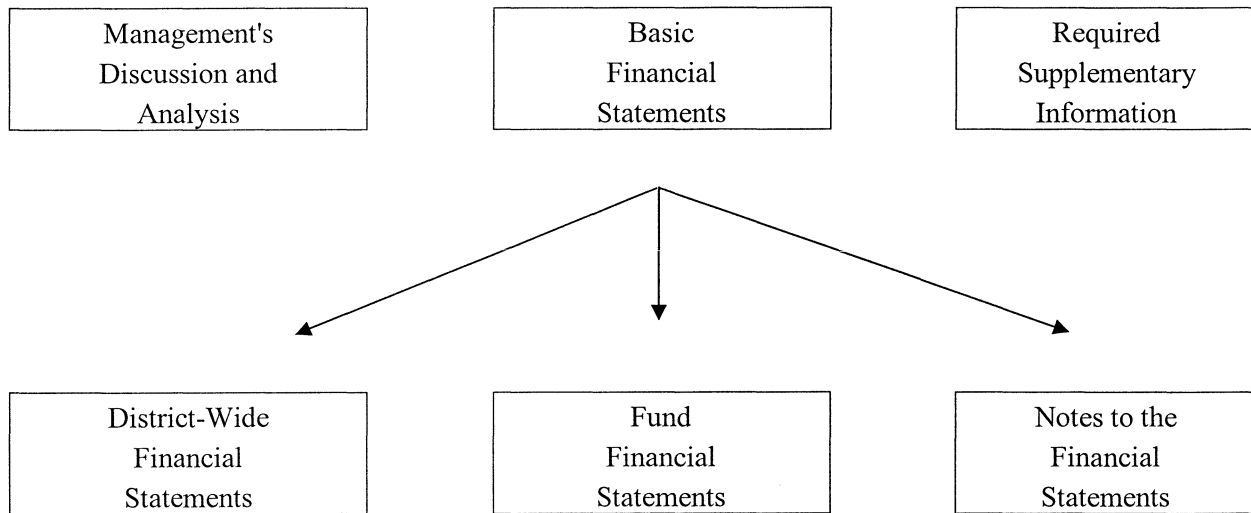


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, integrated preschool, kindergarten wrap-around and summer programs	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the fiscal year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	All additions and deductions during the fiscal year, regardless of when cash is received or paid

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current fiscal year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, integrated preschool, kindergarten wrap-around and summer programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by 0.56%. Net position from governmental activities decreased \$277,950 and net position from business-type activities increased by \$181,605. Net investment in capital assets increased by \$1,940,723, restricted net position decreased by \$2,639,964, and unrestricted net position (deficit) increased by \$602,896.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change 2018/19
Current and Other Assets	\$ 8,016,394	\$ 10,050,548	\$ 1,238,248	\$ 1,088,144	\$ 9,254,642	\$ 11,138,692	
Capital Assets, Net	52,997,905	52,279,693	51,979	58,360	53,049,884	52,338,053	
Total Assets	61,014,299	62,330,241	1,290,227	1,146,504	62,304,526	63,476,745	-1.85%
Deferred Outflows of Resources	6,860,575	8,617,715			6,860,575	8,617,715	-20.39%
Other Liabilities	1,149,494	1,134,702	126,054	163,936	1,275,548	1,298,638	
Long-Term Liabilities	46,719,515	51,019,533			46,719,515	51,019,533	
Total Liabilities	47,869,009	52,154,235	126,054	163,936	47,995,063	52,318,171	-8.26%
Deferred Inflows of Resources	4,180,043	2,689,949			4,180,043	2,689,949	55.39%
Net Position:							
Net Investment in Capital Assets	22,109,941	20,162,837	51,979	58,360	22,161,920	20,221,197	
Restricted	2,661,655	5,301,619			2,661,655	5,301,619	
Unrestricted (Deficit)	(8,945,774)	(9,360,684)	1,112,194	924,208	(7,833,580)	(8,436,476)	
Total Net Position	\$ 15,825,822	\$ 16,103,772	\$ 1,164,173	\$ 982,568	\$ 16,989,995	\$ 17,086,340	-0.56%

Changes in Net Position. The District's combined net position was \$16,989,995 on June 30, 2019, \$96,345 or 0.56% less than it was last fiscal year (See Figure A-3). Net Investment in Capital Assets increased primarily due to the current year maturity of serial bonds payable of \$1,445,000, as well as current year capital assets additions (net of deletions) of \$2,574,180 offset by current year depreciation expense of \$1,855,968 and a net decrease in deferred amount on refunding of \$216,108. Restricted net position decreased due to the net decrease in Capital Reserve of \$3,076,429 offset by the net increase in Maintenance Reserve of \$436,465.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Unrestricted net position increased due to a decrease in unamortized bond issuance premium and changes in net pension liability and in related deferred outflows and deferred inflows.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,860,341	\$ 1,865,312	\$ 1,104,221	\$ 1,004,358	\$ 2,964,562	\$ 2,869,670	
Grants and Contributions:							
Operating	14,718,076	18,133,228	103,309	107,366	14,821,385	18,240,594	
General Revenue:							
Property Taxes	42,896,837	41,586,031			42,896,837	41,586,031	
Unrestricted State and Federal Aid	805,104	658,667			805,104	658,667	
Other	529,732	285,564			529,732	285,564	
Total Revenue	<u>60,810,090</u>	<u>62,528,802</u>	<u>1,207,530</u>	<u>1,111,724</u>	<u>62,017,620</u>	<u>63,640,526</u>	-2.55%
Expenses:							
Instruction	35,580,814	38,582,125			35,580,814	38,582,125	
Pupil and Instruction Services	12,485,342	12,254,862			12,485,342	12,254,862	
Administrative and Business	5,580,285	5,260,869			5,580,285	5,260,869	
Maintenance and Operations	5,266,251	5,284,412			5,266,251	5,284,412	
Transportation	1,766,188	1,353,378			1,766,188	1,353,378	
Other	1,318,279	1,307,952	1,022,775	898,501	2,341,054	2,206,453	
Total Expenses	<u>61,997,159</u>	<u>64,043,598</u>	<u>1,022,775</u>	<u>898,501</u>	<u>63,019,934</u>	<u>64,942,099</u>	-2.96%
Other	909,119		(3,150)		905,969	-0-	100.00%
Increase/(Decrease) in Net Position	<u>\$ (277,950)</u>	<u>\$ (1,514,796)</u>	<u>\$ 181,605</u>	<u>\$ 213,223</u>	<u>\$ (96,345)</u>	<u>\$ (1,301,573)</u>	-92.60%

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District declined slightly. Maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District benefits costs place a great demand on the District's resources.

As a result, careful management of expenses remains essential for the District to sustain its financial health.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2018/2019	2017/2018	2018/2019	2017/2018
Instruction	\$ 35,580,814	\$ 38,582,125	\$ 22,766,573	\$ 22,794,388
Pupil and Instruction Services	12,485,342	12,254,862	9,799,993	9,153,872
Administrative and Business	5,580,285	5,260,869	4,807,925	4,271,819
Maintenance and Operations	5,266,251	5,284,412	5,266,251	5,284,412
Transportation	1,766,188	1,353,378	1,459,721	1,232,615
Other	1,318,279	1,307,952	1,318,279	1,307,952
	<u>\$ 61,997,159</u>	<u>\$ 64,043,598</u>	<u>\$ 45,418,742</u>	<u>\$ 44,045,058</u>

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Business-Type Activities

Net position from the District's business-type activities increased by \$181,605, primarily comprised of a \$179,354 net excess of revenue over expenses related to the kindergarten wrap-around program due to an increase in participation (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position declined because difficult economic times continue to have a direct impact upon the District. Decreasing available revenues due to the hard 2% cap on the tax levy and much closer to the margin, miscellaneous revenues continue to be difficult funding issues. Increasing costs, especially those related to supplies, benefits, energy, salaries and, the costs of the State's new teacher evaluation system and student testing programs continue to burden the District's financial condition. To maintain a stable financial position, the District must continue to practice, on a day-to-day basis, sound fiscal management and review of all purchases.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Long-Term Liabilities

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Land	\$ 9,072,600	\$ 9,072,600			\$ 9,072,600	\$ 9,072,600	
Land Improvements	816,591	919,465			816,591	919,465	
Buildings and Building Improvements	42,832,221	41,785,925			42,832,221	41,785,925	
Machinery and Equipment	276,493	501,703	\$ 51,979	\$ 58,360	328,472	560,063	
Total Capital Assets (Net of Depreciation)	\$52,997,905	\$52,279,693	\$ 51,979	\$ 58,360	\$53,049,884	\$52,338,053	1.36%

The District's overall capital assets, net of depreciation, increased by \$711,831 or 1.36% from the prior fiscal year. (More detailed information about the District's capital assets is presented in Note 7 to the basic financial statements.)

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Long-term Liabilities

The District's long-term liabilities decreased by \$4,300,018 or 8.43% from last fiscal year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Total Percentage Change 2018/19
	2018/19	2017/18	
General Obligation Bonds (Financed with Property Taxes)	\$ 34,050,000	\$ 35,495,000	
Unamortized Bond Issuance Premium	1,419,114	1,518,672	
Net Pension Liability	10,691,685	13,401,035	
Other Long-Term Liabilities	558,716	604,826	
	<u>\$ 46,719,515</u>	<u>\$ 51,019,533</u>	-8.43%

- The District continued to pay down its debt, retiring \$1,445,000 of outstanding bonds.
- The District's net pension liability decreased by \$2,709,350.
- Unamortized bond issuance premiums decreased by \$99,558.
- The District's other long-term liabilities at June 30, 2019 are comprised of compensated absences payable which decreased by a net amount of \$46,110.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following four major existing circumstances that could significantly affect its financial health in the future:

- Madison's Send-Receive Agreement with Harding is up for negotiation. Harding is experiencing a decline in enrollment, which will likely decrease the tuition that the Borough of Madison School District will receive under the new agreement.
- The district continues to explore tuition revenue generation opportunities, including the development of CTE academies in Madison.
- The District is exploring outsourcing options that include using a hiring firm to staff all paraprofessionals and, possibly, secretaries.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If anyone has questions about this report or desire additional information or clarification, please contact the Board of Education's Business Office, located at 359 Woodland Road, Madison, New Jersey 07940. Additionally, these reports can be viewed on the District's website at www.madisonpublicschools.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,842,359	\$ 1,221,651	\$ 6,064,010
Receivables from State Government	329,934	702	330,636
Receivables from Federal Government	172,690	11,951	184,641
Other Receivables	9,757		9,757
Inventories		3,944	3,944
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,265,424		1,265,424
Maintenance Reserve - Cash and Cash Equivalents	1,396,230		1,396,230
Capital Assets, Net:			
Sites (Land)	9,072,600		9,072,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	43,925,305	51,979	43,977,284
Total Assets	<u>61,014,299</u>	<u>1,290,227</u>	<u>62,304,526</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	3,162,036		3,162,036
Deferred Outflows Related to Pensions	3,055,893		3,055,893
District Contribution Subsequent to the Measurement Date - Pensions	642,646		642,646
Total Deferred Outflows of Resources	<u>6,860,575</u>		<u>6,860,575</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	981,916	16,714	998,630
Accrued Interest Payable	112,469		112,469
Payable to Federal Government	25,401		25,401
Payable to State Government	29,708		29,708
Unearned Revenue		109,340	109,340
Noncurrent Liabilities:			
Due Within One Year	1,644,976		1,644,976
Due Beyond One Year	45,074,539		45,074,539
Total Liabilities	<u>47,869,009</u>	<u>126,054</u>	<u>47,995,063</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	4,180,043		4,180,043
Total Deferred Inflows of Resources	<u>4,180,043</u>		<u>4,180,043</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	22,109,941	51,979	22,161,920
Restricted for:			
Capital Projects	1,130,446		1,130,446
Debt Service	1		1
Maintenance Reserve	1,396,230		1,396,230
Excess Surplus - 2020-2021	134,978		134,978
Unrestricted/(Deficit)	(8,945,774)	1,112,194	(7,833,580)
Total Net Position	<u>\$ 15,825,822</u>	<u>\$ 1,164,173</u>	<u>\$ 16,989,995</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 26,214,463	\$ 1,600,000	\$ 7,614,886	\$ (16,999,577)		\$ (16,999,577)
Special Education	6,546,143	160,571	3,022,875	(3,362,697)		(3,362,697)
Other Special Instruction	1,292,875		330,959	(961,916)		(961,916)
School Sponsored/Other Instruction	1,527,333	84,950		(1,442,383)		(1,442,383)
Support Services:						
Tuition	2,236,459		497,629	(1,738,830)		(1,738,830)
Student and Instruction Related Services	10,248,883		2,187,720	(8,061,163)		(8,061,163)
General Administrative Services	1,618,751		113,745	(1,505,006)		(1,505,006)
School Administrative Services	2,621,275		552,403	(2,068,872)		(2,068,872)
Central Services	936,514		106,212	(830,302)		(830,302)
Administrative Information Technology	403,745			(403,745)		(403,745)
Plant Operations and Maintenance	5,266,251			(5,266,251)		(5,266,251)
Pupil Transportation	1,766,188	14,820	291,647	(1,459,721)		(1,459,721)
Transfer of Funds to Charter School	25,191			(25,191)		(25,191)
Interest on Long-Term Debt	1,293,088			(1,293,088)		(1,293,088)
Total Governmental Activities	61,997,159	1,860,341	14,718,076	(45,418,742)		(45,418,742)
Business-Type Activities:						
Food Service	683,975	586,871	103,309		\$ 6,205	6,205
Kindergarten Wrap Around	276,296	455,650			179,354	179,354
Integrated Preschool	8,000	9,200			1,200	1,200
Summer Program	54,504	52,500			(2,004)	(2,004)
Total Business-Type Activities	1,022,775	1,104,221	103,309		184,755	184,755
Total Primary Government	\$ 63,019,934	\$ 2,964,562	\$ 14,821,385	(45,418,742)	184,755	(45,233,987)

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Other Item			
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 40,806,822		\$ 40,806,822
Taxes Levied for Debt Service	2,090,015		2,090,015
Federal, State and Local Aid not Restricted	805,104		805,104
Interest Earnings	70,032		70,032
Miscellaneous Income	459,700		459,700
Capital Reserve - Prior Year Reimbursement of SDA Projects	343,560		343,560
Maintenance Reserve - Prior Year Reimbursement of SDA Projects	565,559		565,559
Other Item:			
Cancellation of Prior Year Accounts Receivable		\$ (3,150)	(3,150)
Total General Revenues and Other Item	45,140,792	(3,150)	45,137,642
Change in Net Position	(277,950)	\$ 181,605	(96,345)
Net Position - Beginning	16,103,772	982,568	17,086,340
Net Position - Ending	\$ 15,825,822	\$ 1,164,173	\$ 16,989,995

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,977,336			\$ 1	\$ 4,977,337
Interfund Receivable	108,579				108,579
Receivables From State Government	329,934				329,934
Receivables From Federal Government		\$ 172,690			172,690
Other Accounts Receivables		9,757			9,757
Restricted Cash and Cash Equivalents	<u>2,526,676</u>				<u>2,526,676</u>
Total Assets	<u>\$ 7,942,525</u>	<u>\$ 182,447</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 8,124,973</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 108,579			\$ 108,579
Accounts Payable	\$ 320,511	18,759			339,270
Payable to Federal Government		25,401			25,401
Payable to State Government		<u>29,708</u>			<u>29,708</u>
Total Liabilities	<u>320,511</u>	<u>182,447</u>			<u>502,958</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	1,130,446				1,130,446
Maintenance Reserve Account	1,396,230				1,396,230
Excess Surplus - 2020-2021	134,978				134,978
Debt Service				\$ 1	1
Assigned:					
Designated for Subsequent Year's Expenditures	411,149				411,149
Other Purposes	3,587,937				3,587,937
Unassigned	<u>961,274</u>				<u>961,274</u>
Total Fund Balances	<u>7,622,014</u>			<u>1</u>	<u>7,622,015</u>
Total Liabilities and Fund Balances	<u>\$ 7,942,525</u>	<u>\$ 182,447</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 8,124,973</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Total
Governmental
Funds

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances from previous page	\$ 7,622,015
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	52,997,905
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(1,419,114)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	3,162,036
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(112,469)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(10,691,685)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds	(1,124,150)
Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(34,608,716)</u>
Net Position of Governmental Activities	<u>\$ 15,825,822</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 40,806,822			\$ 2,090,015	\$ 42,896,837
Tuition from Individuals	104,000				104,000
Tuition from Other LEAs	1,656,571				1,656,571
Interest Earned on Maintenance Reserve Funds	3,993				3,993
Interest Earned on Capital Reserve Funds	34,430				34,430
Miscellaneous	591,079	\$ 54,242			645,321
Total - Local Sources	43,196,895	54,242		2,090,015	45,341,152
State Sources	8,765,016	208,588		539,322	9,512,926
Federal Sources	69,394	794,754			864,148
Total Revenues	52,031,305	1,057,584		2,629,337	55,718,226
EXPENDITURES:					
Current:					
Regular Instruction	13,901,694	228,085			14,129,779
Special Education Instruction	3,473,023	9,322			3,482,345
Other Special Instruction	584,475				584,475
School-Sponsored/Other Instruction	1,259,165				1,259,165
Support Services and Undistributed Costs:					
Tuition	1,738,830	497,629			2,236,459
Student and Other Instruction Related Services	6,097,631	294,866			6,392,497
General Administrative Services	1,319,968				1,319,968
School Administrative Services	1,548,666				1,548,666
Central Services	590,670				590,670
Administrative Information Technology	342,081				342,081
Plant Operations and Maintenance	4,448,770				4,448,770
Student Transportation	1,698,578				1,698,578
Unallocated Benefits	15,262,290				15,262,290
Debt Service:					
Principal				1,445,000	1,445,000
Interest and Other Charges				1,184,337	1,184,337
Capital Outlay	1,173,358	27,682	\$ 1,500,533		2,701,573
Transfer of Funds to Charter School	25,191				25,191
Total Expenditures	53,464,390	1,057,584	1,500,533	2,629,337	58,651,844
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(1,433,085)		(1,500,533)		(2,933,618)
Other Financing Sources:					
Capital Reserve - Prior Year Reimbursement of SDA Projects	343,560				343,560
Maintenance Reserve - Prior Year Reimbursement of SDA Projects	565,559				565,559
Total Other Financing Sources	909,119				909,119
Net Change in Fund Balances	(523,966)		(1,500,533)		(2,024,499)
Fund Balance - July 1	8,145,980		1,500,533	1	9,646,514
Fund Balance - June 30	\$ 7,622,014	\$ -0-	\$ -0-	\$ 1	\$ 7,622,015

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (2,024,499)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
Depreciation Expense	\$ (1,855,968)	
Capital Outlays	<u>2,574,180</u>	718,212
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. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		7,799
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		1,445,000
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		99,558
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(216,108)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability	2,709,350	
Changes in Deferred Outflows	(1,573,278)	
Changes in Deferred Inflows	(1,490,094)	
In the statement of activities, certain operating expenses, e.g., compensated absences 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>46,110</u>
Change in Net Position of Governmental Activities		<u>\$ (277,950)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Non-Major Funds	Major Funds		
		Summer Program	Kindergarten Wrap-Around	
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 54,028	\$ 92,896	\$ 1,074,727	\$ 1,221,651
Intergovernmental Accounts Receivable:				
State	702			702
Federal	11,951			11,951
Inventories	3,944			3,944
Total Current Assets	70,625	92,896	1,074,727	1,238,248
Non-Current Assets:				
Capital Assets	356,870			356,870
Less: Accumulated Depreciation	(304,891)			(304,891)
Total Non-Current Assets	51,979			51,979
Total Assets	122,604	92,896	1,074,727	1,290,227
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	15,306		1,408	16,714
Unearned Revenue	14,440	94,900		109,340
Total Current Liabilities	29,746	94,900	1,408	126,054
Total Liabilities	29,746	94,900	1,408	126,054
<u>NET POSITION:</u>				
Investment in Capital Assets	51,979			51,979
Unrestricted/(Deficit)	40,879	(2,004)	1,073,319	1,112,194
Total Net Position/(Deficit)	\$ 92,858	\$ (2,004)	\$ 1,073,319	\$ 1,164,173

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Non-Major Funds	Major Funds		Total Enterprise
		Summer Program	Kindergarten Wrap-Around	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 251,602			\$ 251,602
Non-Reimbursable Programs	333,092			333,092
Charges for Services:				
Program Fees	9,200	\$ 52,500	\$ 455,650	517,350
Miscellaneous Revenue	2,177			2,177
Total Operating Revenue	596,071	52,500	455,650	1,104,221
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	200,479			200,479
Non-Reimbursable Programs	90,070			90,070
Salaries	225,676	26,338	198,148	450,162
Employee Benefits	78,186		30,344	108,530
Purchased Professional and Technical Services	29,035		26,112	55,147
Other Purchased Services	20,589		12,006	32,595
Supplies and Materials	28,581	22,366	9,686	60,633
Miscellaneous Expense	12,978	5,800		18,778
Depreciation Expense	6,381			6,381
Total Operating Expenses	691,975	54,504	276,296	1,022,775
Operating Income/(Loss)	(95,904)	(2,004)	179,354	81,446
Non-Operating Income:				
State Sources:				
State School Lunch Program	5,329			5,329
Federal Sources:				
National School Lunch Program	89,301			89,301
Special Milk Program	138			138
Food Distribution Program	8,541			8,541
Total Non-Operating Income	103,309			103,309
Change in Net Position Before Other Items	7,405	(2,004)	179,354	184,755
Other Items:				
Cancellation of Prior Year's Accounts Receivable			(3,150)	(3,150)
Total Other Items			(3,150)	(3,150)
Change in Net Position	7,405	(2,004)	176,204	181,605
Net Position - Beginning of Year	85,453		897,115	982,568
Net Position/(Deficit) - End of Year	\$ 92,858	\$ (2,004)	\$ 1,073,319	\$ 1,164,173

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Non-Major Funds	Major Funds		Total Enterprise
		Summer Program	Kindergarten Wrap-Around	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 592,031	\$ 94,200	\$ 370,550	\$ 1,056,781
Payments to Food Service Contractor	(657,370)			(657,370)
Payments to/for Employees	(8,000)	(26,338)	(228,492)	(262,830)
Payments to Suppliers	(1,397)	(28,166)	(46,396)	(75,959)
Net Cash Provided by/(Used for) Operating Activities	<u>(74,736)</u>	<u>39,696</u>	<u>95,662</u>	<u>60,622</u>
Cash Flows from Noncapital Financing Activities:				
State Sources	5,203			5,203
Federal Sources	87,403			87,403
Net Cash Provided by Noncapital Financing Activities	<u>92,606</u>			<u>92,606</u>
Net Increase in Cash and Cash Equivalents	17,870	39,696	95,662	153,228
Cash and Cash Equivalents, July 1	36,158	53,200	979,065	1,068,423
Cash and Cash Equivalents, June 30	<u>\$ 54,028</u>	<u>\$ 92,896</u>	<u>\$ 1,074,727</u>	<u>\$ 1,221,651</u>
Reconciliation of Operating Income/(Loss) to Net Cash				
Used for Operating Activities:				
Operating Income/(Loss)	\$ (95,904)	\$ (2,004)	\$ 179,354	\$ 81,446
Adjustment to Reconcile Operating Income/(Loss) to Net Cash				
Provided by/(Used for) Operating Activities:				
Depreciation	6,381			6,381
Food Distribution Program	8,541			8,541
Changes in Assets and Liabilities:				
Decrease in Inventory	2,136			2,136
Increase in Accounts Payable	8,150		1,408	9,558
Increase/(Decrease) in Unearned Revenue	(4,040)	41,700	(85,100)	(47,440)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (74,736)</u>	<u>\$ 39,696</u>	<u>\$ 95,662</u>	<u>\$ 60,622</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$8,541 and utilized U.S.D.A. Commodities valued at \$8,541.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 320,415	\$ 214,571	\$ 109,566	\$ 109,712
Total Assets	<u>320,415</u>	<u>214,571</u>	<u>109,566</u>	<u>109,712</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	5,309			
Due to Student Groups	<u>315,106</u>			
Total Liabilities	<u>320,415</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		214,571		
Flexible Spending Claims			109,566	
Restricted for Scholarships				<u>109,712</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 214,571</u>	<u>\$ 109,566</u>	<u>\$ 109,712</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 73,435	\$ 120,424	
Donations			\$ 5,446
Total Contributions	<u>73,435</u>	<u>120,424</u>	<u>5,446</u>
Investment Earnings:			
Interest	1,269	457	352
Net Investment Earnings	<u>1,269</u>	<u>457</u>	<u>352</u>
Total Additions	<u>74,704</u>	<u>120,881</u>	<u>5,798</u>
DEDUCTIONS:			
Unemployment Claims	87,978		
Flexible Spending Claims		95,446	
Scholarships Awarded			10,150
Total Deductions	<u>87,978</u>	<u>95,446</u>	<u>10,150</u>
Change in Net Position	(13,274)	25,435	(4,352)
Net Position - Beginning of the Year	<u>227,845</u>	<u>84,131</u>	<u>114,064</u>
Net Position - End of the Year	<u>\$ 214,571</u>	<u>\$ 109,566</u>	<u>\$ 109,712</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Madison School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District. During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally 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 expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service, Integrated Preschool, Kindergarten Wrap-Around and Summer Programs) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, integrated preschool, kindergarten wrap-around and summer programs operations. The food service, integrated preschool, kindergarten wrap-around and summer programs funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the fiscal year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current fiscal year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

BOROUGH OF MADISON SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 52,072,357	\$ 1,055,973
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Prior Year Encumbrances		13,681
Cancellation of Prior Year Encumbrances		(196)
Current Year Encumbrances		(11,874)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	105,241	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(146,293)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 52,031,305	\$ 1,057,584
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 53,464,390	\$ 1,055,973
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		
Prior Year Encumbrances		13,681
Cancellation of Prior Year Encumbrances		(196)
Current Year Encumbrances		(11,874)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 53,464,390	\$ 1,057,584

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. 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 source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are on the following page.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd)

	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	20 to 40 years
Land Improvements	15 to 20 years
Machinery and Equipment	10 to 20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long-Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond issuance premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month fiscal year, therefore, there are no accrued salaries and wages as of June 30, 2019.

N. Compensated Absences:

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

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

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated:

General Fund: Of the \$7,622,014 General Fund fund balance at June 30, 2019, \$3,587,937 is assigned for encumbrances; \$1,130,446 is restricted in the capital reserve account; \$1,396,230 is restricted in the maintenance reserve account; \$134,978 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1 701) (the current year excess surplus of \$134,978 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020); \$411,149 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2020; and \$961,274 is unassigned which is \$146,293 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2020.

Debt Service Fund: The Debt Service Fund balance at June 30, 2019 of \$1 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict 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 fiscal year's budget. The District did not have excess surplus.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for capital and maintenance reserves and the debt service fund.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2019.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and amounts designated for subsequent fiscal year's expenditures in the General Fund at June 30, 2019.

R. Deficit Net Position and Fund Balance:

The District has a deficit in unrestricted net position of \$8,945,774 in governmental activities, which is primarily due to unamortized bond premium, compensated absences payable and deferred inflows, outflows and liabilities related to pension. The District has a deficit in fund balance of \$2,004 in the Summer Program Enterprise Fund as of June 30, 2019 as a result of an operating loss. These deficits do not indicate that the District is in financial difficulties. These deficits are permitted practice under generally accepted accounting principles.

S. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2019 for the deferred amount on refunding of debt related to the District's 2012 and 2015 refunding bonds, and deferred outflows and inflows of resources related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Net Position: (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for food service and charges and fees for integrated preschool, kindergarten wrap-around and summer programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. 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 fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk ensures that District Funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Unrestricted	Restricted		
	Cash and	Capital	Maintenance	
	Cash	Reserve	Reserve	
	Equivalents	Account	Account	Total
Checking and Savings Accounts	\$ 6,953,252	\$ 1,130,446	\$ 1,396,230	\$ 9,479,928

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$9,479,928 and the bank balance was \$10,581,346.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1,200,000 in June, 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.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal year-end of any unanticipated revenue or unexpended line item appropriation amounts or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 4,341,853
Increase by:	
Interest Earned	34,430
Reimbursement for Local Share	343,560
Unexpended Balance of Budgeted Withdrawal Returned	189,253
Less:	
Budgeted Withdrawal	(3,700,000)
Withdrawal as per Board Resolution	(78,650)
Ending Balance, June 30, 2019	\$ 1,130,446

The balance in the capital reserve account at June 30, 2019 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 26, 2012. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 959,765
Increase by:	
Interest Earned	3,993
Reimbursement for Local Share	565,559
Unexpended Balance of Budgeted Withdrawal Returned	16,913
Less:	
Budgeted Withdrawal	<u>(150,000)</u>
Ending Balance, June 30, 2019	<u>\$ 1,396,230</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2019, the District made \$95,698 in transfers to the capital outlay accounts. Of the total, \$19,945 was transferred for equipment and therefore did not require approval from the County Superintendent. The \$75,753 transfer to facilities acquisition and construction services required approval from the County Superintendent, which the District obtained.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 9,072,600			\$ 9,072,600
Construction in Progress		\$ 1,500,533	\$ (1,500,533)	
Total Capital Assets Not Being Depreciated	<u>9,072,600</u>	<u>1,500,533</u>	<u>(1,500,533)</u>	<u>9,072,600</u>
Capital Assets Being Depreciated:				
Land Improvements	3,014,408			3,014,408
Buildings and Building Improvements	60,023,392	1,035,937	1,500,533	62,559,862
Machinery and Equipment	4,383,049	37,710		4,420,759
Total Capital Assets Being Depreciated	<u>67,420,849</u>	<u>1,073,647</u>	<u>1,500,533</u>	<u>69,995,029</u>
Governmental Activities Capital Assets	<u>76,493,449</u>	<u>2,574,180</u>		<u>79,067,629</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,094,943)	(102,874)		(2,197,817)
Buildings and Building Improvements	(18,237,467)	(1,490,174)		(19,727,641)
Machinery and Equipment	(3,881,346)	(262,920)		(4,144,266)
	<u>(24,213,756)</u>	<u>(1,855,968)</u>		<u>(26,069,724)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,279,693</u>	<u>\$ 718,212</u>	<u>\$ -0-</u>	<u>\$ 52,997,905</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 356,870			\$ 356,870
Less Accumulated Depreciation	(298,510)	\$ (6,381)		(304,891)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 58,360</u>	<u>\$ (6,381)</u>	<u>\$ -0-</u>	<u>\$ 51,979</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 723,312
Special Education	162,745
Other Instruction	180,827
Support Services	323,165
General Administration	54,248
School Admin	72,331
Central Services	36,166
Admin Info Tech	18,082
Maintenance/Custodial	227,504
Pupil Transportation	57,588
	<u>\$ 1,855,968</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2018</u>	<u>Issued/</u> <u>Accrued</u>	<u>Retired/</u> <u>Matured</u>	<u>Balance</u> <u>6/30/2019</u>
Serial Bonds Payable	\$ 35,495,000		\$ 1,445,000	\$ 34,050,000
Unamortized Bond Issuance Premiums	1,518,672		99,558	1,419,114
Net Pension Liability	13,401,035		2,709,350	10,691,685
Compensated Absences Payable	604,826	\$ 84,899	131,009	558,716
	<u>\$ 51,019,533</u>	<u>\$ 84,899</u>	<u>\$ 4,384,917</u>	<u>\$ 46,719,515</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2019 is \$1,490,000 and the long-term portion is \$32,560,000. The Debt Service Fund will be used to liquidate bonds payable.

On May 30, 2012, the District issued \$9,955,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$8,545,000 school bonds with an interest rate of 4.00%. The refunding bonds mature on December 15, 2012 through 2035. On September 26, 2012, the District issued \$21,075,000 refunding bonds with interest rates ranging from 1.00% to 4.00% to advance refund \$19,695,000 school bonds with interest rates of 4.50% to 4.75%. The refunding bonds mature on December 15, 2013 through 2031. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on July 15, 2015. The advance refundings met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements. Bond issuance costs are expenditures in the fund financial statements; but are amortized over the life of the shorter of the refunding issue or the refunded issues in the district-wide financial statements.

As a result of the advance refundings, the District reduced its total debt service requirements by \$2,278,884, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,056,880.

On December 29, 2015, the District issued \$7,060,000 of refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$6,945,000 of 2007 school bonds with interest rates ranging from 4.375% to 4.50%. The refunding bonds mature on September 15, 2016 through 2035 and are callable. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2007 school bonds are called on September 15, 2018. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable (Cont'd)

As a result of the advance refunding, the District will realize a total of \$518,275 in cash savings over the life of the 2015 refunding bond issue. On a net present value basis, the savings equate to \$408,685 or 5.88% of the 2007 school bonds refunded.

The District had bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	12/15/2035	2.000%-4.000%	\$ 9,575,000
School Refunding Bonds	12/15/2031	3.000%-4.000%	17,490,000
School Refunding Bonds	09/15/2035	2.875%-4.000%	6,985,000
			<u>\$ 34,050,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,490,000	\$ 1,138,477	\$ 2,628,477
2021	1,540,000	1,093,028	2,633,028
2022	1,580,000	1,046,553	2,626,553
2023	1,625,000	999,046	2,624,046
2024	1,685,000	941,784	2,626,784
Thereafter:			
2025-2029	9,505,000	3,637,700	13,142,700
2030-2034	11,410,000	1,856,592	13,266,592
2035-2036	5,215,000	180,676	5,395,676
	<u>\$34,050,000</u>	<u>\$ 10,893,856</u>	<u>\$ 44,943,856</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$55,418 and is separated from the long-term liability balance of compensated absences of \$503,298. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, \$-0- is recorded for compensated absences in the Enterprise Funds.

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of unamortized bond issuance premiums at June 30, 2019 is \$99,558 and the long-term portion is \$1,319,556.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$10,691,685. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

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 the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

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:

Tier	Definition
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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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 50 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. 15A and requires contributions by active members and contributing members. 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 is being paid by the employer in level annual payments over a period of 15 years, which began 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. District contributions to PERS amounted to \$562,387 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$10,691,685 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.054%, which was a decrease of 0.003% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$916,384. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2014	6.44	\$ 84,625	
	2015	5.72	381,948	
	2016	5.57	1,295,240	
	2017	5.48		\$ 1,970,931
	2018	5.63		1,447,701
			<u>1,761,813</u>	<u>3,418,632</u>
Difference Between Expected and Actual Experience	2015	5.72	105,970	
	2016	5.57	39,307	
	2017	5.48	58,615	
	2018	5.63		55,130
			<u>203,892</u>	<u>55,130</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		(64,606)
	2016	5.00		(361,181)
	2017	5.00		325,081
	2018	5.00		200,994
				<u>100,288</u>
Changes in Proportion:	2014	6.44	72,532	
	2015	5.72	264,359	
	2016	5.57	116,025	
	2017	5.48	637,272	
	2018	5.63		605,993
			<u>1,090,188</u>	<u>605,993</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	642,646	
			<u>\$ 3,698,539</u>	<u>\$ 4,180,043</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense on the following page.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2019	\$ 74,207
2020	(102,739)
2021	(736,722)
2022	(638,602)
2023	(204,489)
	\$ (1,608,345)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% – 4.15% based on age
Thereafter	2.65% – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 13,443,562	\$ 10,691,685	\$ 8,383,036

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included 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 2018, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$3,773,365 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,124,695.

The employee contribution rate was 7.50% effective July 1, 2018.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$122,214,797. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.192%, which was an increase of 0.002% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>122,214,797</u>
Total	\$	<u><u>122,214,797</u></u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$7,124,695 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 1,076,424,469	
	2015	8.30	3,063,649,492	
	2016	8.30	6,913,685,892	
	2017	8.30		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.30		10,252,211
	2015	8.50	189,214,650	
	2016	8.30		85,977,601
	2017	8.30	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2014	5.00		(192,642,062)
	2015	5.00		(863,710,381)
	2016	5.00		678,024,787
	2017	5.00		384,121,486
	2018	5.00		5,793,830
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	<u>\$ (3,706,774,773)</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2036	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following page.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's 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:

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 144,455,569	\$ 122,214,797	\$ 103,777,739

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$4,729 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$7,500 for the fiscal year ended June 30, 2019.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education 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 GASB Codification Section P50. The State Health Benefits 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 years or more 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, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

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%		
		TPAF/ABP	PERS
Salary Increases:			
Through 2026		1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter		2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Health Care Trend Assumptions

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

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributed to the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 86,192,951
Changes for Year:	
Service Cost	3,332,759
Interest on the Total OPEB Liability	3,171,406
Difference between Actual and Expected Experience	(8,991,572)
Changes of Assumptions	(8,421,777)
Contributions from Members	67,824
Gross Benefit Payments by the State	<u>(1,962,401)</u>
Net Changes	<u>(12,803,761)</u>
Balance at June 30, 2018	<u>\$ 73,389,190</u>

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate (Cont'd)

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 86,760,962	\$ 73,389,190	\$ 62,760,012

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 60,660,440	\$ 73,389,190	\$ 90,223,449

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$3,487,954 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 8,914,356
	2018	9.51		7,536,206
			<u> </u>	<u>16,450,562</u>
Differences between Expected and Actual Experience	2018	9.51		7,124,060
Changes in Proportion	N/A	N/A	\$ 157,543	821,279
			<u>\$ 157,543</u>	<u>\$ 24,395,901</u>

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,	Total
2019	\$ (2,904,985)
2020	(2,904,986)
2021	(2,904,986)
2022	(2,904,986)
2023	(2,904,986)
Thereafter	(9,049,693)
	<u>\$ (23,574,622)</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State Employees' Health Benefit Plan.

Property and Liability Insurance

The Borough of Madison School District is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group provides worker's compensation coverage for its members and the Fund provides general liability, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group and Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group and Fund are elected.

As a member of the Group and the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group or the Fund were to be exhausted, members would become responsible for their respective shares of the Group's or Fund's liabilities. The Group and the Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2019 audits for the Group and the Fund were not available as of the date of this report. Selected, summarized financial information for the Group and the Fund as of June 30, 2018 are as follows:

	<u>Group</u>	<u>Fund</u>
Total Assets	<u>\$ 10,451,281</u>	<u>\$ 45,062,979</u>
Net Position	<u>\$ 7,796,837</u>	<u>\$ 12,432,937</u>
Total Revenue	<u>\$ 3,830,220</u>	<u>\$ 42,084,945</u>
Total Expenses	<u>\$ 2,486,421</u>	<u>\$ 39,779,381</u>
Member Dividends	<u>\$ 1,049,987</u>	<u>\$ -0-</u>
Change in Net Position	<u>\$ 293,812</u>	<u>\$ 2,305,564</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Financial statements for the Group and the Fund are available at the Executive Directors' Offices:

<u>Group</u>	<u>Fund</u>
Burton Agency	Public Entity Group Administrative Services
44 Bergen Street	51 Everett Drive
PO Box 270	Suite 40-B
Westwood, NJ 07675	West Windsor, NJ 08550
(201) 664-0310	(609) 275-1155

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two fiscal years.

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 1,269	\$ 73,435	\$ 87,978	\$ 214,571
2017-2018	1,159	94,918	29,849	227,845
2016-2017	1,037	31,334	43,939	161,617

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 108,579	
Special Revenue Fund		\$ 108,579
	<u>\$ 108,579</u>	<u>\$ 108,579</u>

The General Fund interfund receivable due from the Special Revenue Fund represents an interfund loan at June 30, 2019 due to the timing of grant receipts paid to the District.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future fiscal years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- Fidelity Investment
- Variable Annuity Life Insurance Company
- Equitable Life Assurance
- Metropolitan Life Insurance Company
- Lincoln Investment

NOTE 15. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined mutually agreed-upon schedule.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2019:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities <u>Proprietary Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			
Vendors	\$ 320,511	\$ 18,759		\$ 339,270	\$ 16,714
Due to:					
State of New Jersey			\$ 642,646	642,646	
	<u>\$ 320,511</u>	<u>\$ 18,759</u>	<u>\$ 642,646</u>	<u>\$ 981,916</u>	<u>\$ 16,714</u>

NOTE 17. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>Governmental Funds</u>		
<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>\$ 3,587,937</u>	<u>\$ 11,874</u>	<u>\$ 3,599,811</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$11,874 less than the actual fiscal year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), 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.

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.

The Borough recognized revenue in the amount of \$641,681 from four payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2018 without the abatements would have been \$1,108,346 of which \$688,177 would have been for the local school tax.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0471325568%	0.0516996112%	0.0529656198%	0.0575685356%	0.0543014510%
District's proportionate share of the net pension liability	\$ 8,824,504	\$ 11,605,527	\$ 15,686,897	\$ 13,401,035	\$ 10,691,685
District's covered employee payroll	\$ 3,511,965	\$ 3,592,692	\$ 3,870,729	\$ 3,850,871	\$ 4,011,715
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	251.27%	323.03%	405.27%	348.00%	266.51%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 388,554	\$ 444,478	\$ 470,539	\$ 540,368	\$ 562,387
Contributions in relation to the contractually required contribution	<u>(388,554)</u>	<u>(444,478)</u>	<u>(470,539)</u>	<u>(540,368)</u>	<u>(562,387)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 3,494,405	\$ 3,511,965	\$ 3,592,692	\$ 3,870,729	\$ 3,850,871
Contributions as a percentage of covered employee payroll	11.12%	12.66%	13.10%	13.96%	14.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.1837704429%	0.1831969937%	0.1902641734%	0.1899784903%
State's proportionate share of the net pension liability attributable to the District	\$ 98,219,321	\$ 115,788,323	\$ 149,673,913	\$ 128,090,349
District's covered employee payroll	\$ 18,972,527	\$ 19,192,534	\$ 19,844,835	\$ 19,986,894
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	517.69%	603.30%	754.22%	640.87%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%
				0.1921077075%
				\$ 20,041,852
				609.80%
				26.49%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 5,285,122	\$ 7,069,920	\$ 11,245,912	\$ 8,873,451	\$ 7,124,695
Contributions in relation to the contractually required contribution	(990,430)	(1,523,329)	(2,062,167)	2,829,069	3,773,365
Contribution deficiency/(excess)	<u>\$ 4,294,692</u>	<u>\$ 5,546,591</u>	<u>\$ 9,183,745</u>	<u>\$ 11,702,520</u>	<u>\$ 10,898,060</u>
District's covered employee payroll	\$ 19,192,534	\$ 19,844,835	\$ 19,986,894	\$ 20,041,852	\$ 21,277,553
Contributions as a percentage of covered employee payroll	5.16%	7.68%	10.32%	14.12%	17.73%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE
TOTAL OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 4,020,436	\$ 3,332,759
Interest Cost	2,729,412	3,171,406
Difference between Actual and Expected Experience		(8,991,572)
Changes in Assumptions	(11,337,090)	(8,421,777)
Member Contributions	73,513	67,824
Gross Benefit Payments	(1,996,412)	(1,962,401)
Net Change in Total OPEB Liability	(6,510,141)	(12,803,761)
Total OPEB Liability - Beginning	92,703,092	86,192,951
Total OPEB Liability - Ending	\$ 86,192,951	\$ 73,389,190
District's Covered Employee Payroll *	\$ 23,837,765	\$ 24,053,567
Total OPEB Liability as a Percentage of Covered Employee Payroll	362%	305%

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The morality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The morality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

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

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 40,806,822		\$ 40,806,822	\$ 40,806,822	
Tuition from Individuals	90,000		90,000	104,000	\$ 14,000
Tuition from Other LEA's	1,600,000		1,600,000	1,656,571	56,571
Unrestricted Miscellaneous Revenue	508,000		508,000	591,079	83,079
Interest Earned on Maintenance Reserve Funds	3,993		3,993	3,993	
Interest Earned on Capital Reserve Funds	34,430		34,430	34,430	
Other Restricted Miscellaneous Revenue	18,600		18,600		(18,600)
Total - Local Sources	43,061,845		43,061,845	43,196,895	135,050
State Sources:					
Extraordinary Aid				125,594	125,594
Extraordinary Aid - Excess Prior Year				278	278
Excess Nonpublic School Transportation Costs				54,724	54,724
Special Education Aid	1,062,247		1,062,247	1,062,247	
Security Aid	205,379		205,379	205,379	
Transportation Aid	255,898		255,898	255,898	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,747,420	1,747,420
On-Behalf TPAF Pension Contributions (Non-Budgeted)				3,773,365	3,773,365
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				78,986	78,986
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				4,418	4,418
TPAF Social Security (Reimbursed - Non-Budgeted)				1,497,759	1,497,759
Total State Sources	1,523,524		1,523,524	8,806,068	7,282,544
Federal Sources:					
Medicaid Assistance Program	21,958		21,958	2,706	(19,252)
Disaster Grants - Public Assistance - FEMA				66,688	66,688
Total - Federal Sources	21,958		21,958	69,394	47,436
Total Revenues	44,607,327		44,607,327	52,072,357	7,465,030

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
REGULAR PROGRAMS - INSTRUCTION:					
Kindergarten - Salaries of Teachers	\$ 248,629	\$ 10,600	\$ 259,229	\$ 258,918	\$ 311
Grades 1-5 - Salaries of Teachers	5,234,032	(334,225)	4,899,807	4,898,649	1,158
Grades 6-8 - Salaries of Teachers	2,965,818	(76,511)	2,889,307	2,887,694	1,613
Grades 9-12 - Salaries of Teachers	4,959,891	1,296	4,961,187	4,961,187	
Regular Programs - Home Instruction:					
Salaries of Teachers	37,000	1,652	38,652	38,652	
Purchased Professional-Educational Services	53,500	10,409	63,909	63,909	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	11,300		11,300	11,180	120
Other Purchased Services (400-500 series)	212,956	(5,841)	207,115	206,339	776
General Supplies	660,877	(131,370)	529,507	529,507	
Textbooks	57,599	(23,461)	34,138	34,138	
Other Objects	20,146	(7,514)	12,632	11,521	1,111
TOTAL REGULAR PROGRAMS - INSTRUCTION	14,461,748	(554,965)	13,906,783	13,901,694	5,089
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
General Supplies	4,500	(594)	3,906	3,906	
Total Learning and/or Language Disabilities	4,500	(594)	3,906	3,906	
Resource Room/Resource Center:					
Salaries of Teachers	3,066,562	(48,499)	3,018,063	3,017,104	959
General Supplies	9,541	(2,816)	6,725	6,325	400
Textbooks	1,000	(1,000)			
Total Resource Room/Resource Center	3,077,103	(52,315)	3,024,788	3,023,429	1,359

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION:					
Autism:					
Salaries of Teachers		\$ 60,401	\$ 60,401	\$ 60,401	
Other Salaries for Instruction		67,737	67,737	67,624	\$ 113
Purchased Professional - Educational Services	\$ 2,000	(2,000)			
General Supplies	5,285	(2,500)	2,785	2,349	436
Total Autism	7,285	123,638	130,923	130,374	549
Preschool Disabilities - Part-Time:					
Salaries of Teachers	53,895	(5,424)	48,471	43,471	5,000
Other Salaries for Instruction	147,662	(12,369)	135,293	132,293	3,000
General Supplies	15,500	(1,804)	13,696	13,696	
Total Preschool Disabilities - Part-Time	217,057	(19,597)	197,460	189,460	8,000
Preschool Disabilities - Full-Time:					
Salaries of Teachers	118,494	7,360	125,854	125,854	
Total Preschool Disabilities - Full-Time	118,494	7,360	125,854	125,854	
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,424,439	58,492	3,482,931	3,473,023	9,908
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	401,749		401,749	401,275	474
Total Basic Skills/Remedial - Instruction	401,749		401,749	401,275	474
Bilingual Education - Instruction:					
Salaries of Teachers	156,729	26,518	183,247	183,200	47
Total Bilingual Education - Instruction	156,729	26,518	183,247	183,200	47

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School Sponsored Cocurricular Activities:					
Salaries	\$ 259,798	\$ 21,036	\$ 280,834	\$ 279,081	\$ 1,753
Purchased Services (300-500 Series)	25,000	(4,890)	20,110	19,022	1,088
Supplies and Materials	18,893	(3,100)	15,793	13,312	2,481
Total School-Sponsored Cocurricular Activities	303,691	13,046	316,737	311,415	5,322
School-Sponsored Athletics:					
Salaries	746,661	(24,209)	722,452	721,318	1,134
Purchased Services (300-500 Series)	161,945	(5,781)	156,164	154,977	1,187
Supplies and Materials	75,497	2,180	77,677	66,094	11,583
Other Objects	10,320	(4,571)	5,749	5,361	388
Total School-Sponsored Athletics	994,423	(32,381)	962,042	947,750	14,292
Total Instruction	19,742,779	(489,290)	19,253,489	19,218,357	35,132
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	149,538	(67,266)	82,272	82,272	
Tuition to County Vo. School District-Regular	84,420	24,446	108,866	108,866	
Tuition to County Vo. School District-Special	21,000	(10,000)	11,000	11,000	
Tuition to Private Schools for the Handicapped Within State	1,325,454	263,198	1,588,652	1,407,572	181,080
Tuition to Private Schools for the Handicapped Outside State	181,820	(13,150)	168,670	129,120	39,550
Tuition - State Facilities	36,247	(36,247)			
Total Undistributed Expenditures - Instruction	1,798,479	160,981	1,959,460	1,738,830	220,630
Undistributed Expenditures - Health Services:					
Salaries	458,702	494	459,196	459,196	
Purchased Professional and Technical Services	10,700	(5,999)	4,701	4,700	1
Other Purchased Services	1,143	(373)	770	770	
Supplies and Materials	10,288	(1,733)	8,555	6,097	2,458
Total Undistributed Expenditures - Health Services	480,833	(7,611)	473,222	470,763	2,459

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	\$ 491,079	\$ 6,851	\$ 497,930	\$ 497,816	\$ 114
Purchased Professional - Educational Services	219,619	87,826	307,445	306,415	1,030
Supplies and Materials	5,553	(2,030)	3,523	3,373	150
Total Undist. Expend. - Speech, OT, PT and Related Services	716,251	92,647	808,898	807,604	1,294
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Salaries	1,332,236	(18,806)	1,313,430	1,313,430	
Purchased Professional - Educational Services	33,560		33,560	20,389	13,171
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Serv.	1,365,796	(18,806)	1,346,990	1,333,819	13,171
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	720,564	97,843	818,407	817,850	557
Salaries of Secretarial and Clerical Assistants	86,957	(5,900)	81,057	81,015	42
Purchased Professional - Educational Services	3,500	(2,100)	1,400	1,394	6
Other Purchased Services	2,499	(1,500)	999	324	675
Supplies and Materials	4,711	(3,900)	811	686	125
Other Objects	4,926	(3,500)	1,426	279	1,147
Total Undist. Expend. - Guidance	823,157	80,943	904,100	901,548	2,552
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	1,081,668	(21,813)	1,059,855	1,058,749	1,106
Salaries of Secretarial and Clerical Assistants	66,615	(2,384)	64,231	64,231	
Other Purchased Professional and Technical Services	80,116	32,329	112,445	107,872	4,573
Miscellaneous Purchased Services	3,000	(2,500)	500	67	433
Supplies and Materials	16,622	(3,436)	13,186	10,710	2,476
Other Objects	2,500	(1,592)	908	872	36
Total Undist. Expend. - Child Study Teams	1,250,521	604	1,251,125	1,242,501	8,624

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 60,800	\$ 194,056	\$ 194,056	\$ 194,055	\$ 1
Salaries of Other Professional Staff	14,968	(9,726)	51,074	51,074	
Purchased Professional - Educational Services	105,250	(14,618)	350	350	
Other Purchased Services	65,974	(93,480)	11,770	8,206	3,564
Supplies and Materials	28,341	(2,927)	63,047	63,047	
Other Objects	275,333	(16,930)	11,411	11,411	
Total Undist. Expend. - Improvement of Instructional Services		56,375	331,708	328,143	3,565
Undist. Expend. - Educational Media Services/School Library:					
Salaries	239,759	100,529	340,288	340,288	
Salaries of Technology Coordinators	122,876	1,972	124,848	124,848	
Other Purchased Services	553	(553)			
Supplies and Materials	75,396	(15,182)	60,214	59,004	1,210
Total Undist. Expend. - Educational Media Services/School Library	438,584	86,766	525,350	524,140	1,210
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	623,850	(134,737)	489,113	489,113	
Total Undist. Expend. - Instructional Staff Training Services	623,850	(134,737)	489,113	489,113	
Undist. Expend. - Support Services - General Administration:					
Salaries	481,674	(34,940)	446,734	426,330	20,404
Legal Services	171,576	153,446	325,022	315,962	9,060
Audit Fees	43,494	1	43,495	43,495	
Architectural/Engineering Services	59,000	(50,081)	8,919	7,739	1,180
Other Purchased Professional Services	30,000	27,857	57,857	42,357	15,500
Purchased Technical Services	21,000	(2,440)	18,560	17,684	876
Communications/Telephone	174,097	8,608	182,705	181,942	763
BOE Other Purchased Services	13,000	(9,027)	3,973	3,822	151
Miscellaneous Purchased Services	30,000	5,892	35,892	35,892	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
General Supplies	\$ 7,066	\$ (2,430)	\$ 4,636	\$ 4,636	
Judgments Against the School District	92,400	(22,725)	69,675	69,675	
Miscellaneous Expenditures	182,532	(29,336)	153,196	152,906	\$ 290
BOE Membership Dues and Fees	17,850	(322)	17,528	17,528	
Total Undist. Expend. - Support Services - General Administration	1,323,689	44,503	1,368,192	1,319,968	48,224
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	993,205	(17,659)	975,546	975,546	
Salaries of Secretarial and Clerical Assistants	513,509	4,171	517,680	517,680	
Other Purchased Services	6,785	(1,300)	5,485	5,274	211
Supplies and Materials	58,151	(4,404)	53,747	50,166	3,581
Total Undist. Expend. - Support Serv. - School Administration	1,571,650	(19,192)	1,552,458	1,548,666	3,792
Undist. Expend. - Central Services:					
Salaries	589,251	(24,149)	565,102	565,102	
Miscellaneous Purchased Services	24,500	(1,700)	22,800	21,309	1,491
Supplies and Materials	5,000	(900)	4,100	3,609	491
Miscellaneous Expenditures	4,575	(3,400)	1,175	650	525
Total Undist. Expend. - Central Services	623,326	(30,149)	593,177	590,670	2,507
Undist. Expend. - Administrative Information Technology:					
Salaries	194,770	(2,000)	192,770	192,387	383
Purchased Technical Services	71,113	72,540	143,653	142,329	1,324
Other Purchased Services (400-500 series)	9,600	(2,235)	7,365	7,365	
Total Undist. Expend. - Administrative Information Technology	275,483	68,305	343,788	342,081	1,707
Required Maintenance for School Facilities:					
Salaries	344,284	(43,529)	300,755	300,254	501
Cleaning, Repair and Maintenance Services	1,418,625	(57,138)	1,361,487	1,335,110	26,377

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Required Maintenance for School Facilities: (Cont'd)					
General Supplies	\$ 76,884	\$ 2,425	\$ 79,309	\$ 76,892	\$ 2,417
Other Objects	5,090	2,409	7,499	7,405	94
Total Required Maintenance for School Facilities	<u>1,844,883</u>	<u>(95,833)</u>	<u>1,749,050</u>	<u>1,719,661</u>	<u>29,389</u>
Undist. Expend. - Custodial Services:					
Salaries	1,425,570	(16,110)	1,409,460	1,409,460	
Purchased Professional and Technical Services	20,925	(20,103)	822	822	
Other Purchased Property Services	65,000	9,603	74,603	66,424	8,179
Insurance	207,638	2,343	209,981	209,980	1
Miscellaneous Purchased Services	7,000	4,006	11,006	11,006	
General Supplies	106,344	15	106,359	104,151	2,208
Energy (Natural Gas)	170,000	23,264	193,264	193,264	
Energy (Electricity)	350,000	4,144	354,144	354,144	
Other Objects	16,250	10	16,260	16,260	
Total Undist. Expend. - Custodial Services	<u>2,368,727</u>	<u>7,172</u>	<u>2,375,899</u>	<u>2,365,511</u>	<u>10,388</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	208,835	(34,994)	173,841	172,927	914
Cleaning, Repair, and Maintenance Services	133,621	(5,552)	128,069	128,069	
General Supplies	11,650	1,500	13,150	12,382	768
Total Undist. Expend. - Care and Upkeep of Grounds	<u>354,106</u>	<u>(39,046)</u>	<u>315,060</u>	<u>313,378</u>	<u>1,682</u>
Undist. Expend. - Security:					
Salaries	30,000	21,000	51,000	50,220	780
Total Undist. Expend. - Security	<u>30,000</u>	<u>21,000</u>	<u>51,000</u>	<u>50,220</u>	<u>780</u>
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Other than Between Home and School	40,000	(19,636)	20,364	20,364	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Student Transportation Services:					
Cleaning, Repair and Maintenance Services	\$ 22,700	\$ 6,798	\$ 29,498	\$ 29,498	
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	130,000	1,645	131,645	130,645	\$ 1,000
Between Home and School - Vendors	330,000	225,875	555,875	554,682	1,193
Other than Between Home and School - Vendors	79,845	(8,848)	70,997	69,317	1,680
Special Education Students - Vendors	635,000	236,584	871,584	871,584	
Supplies and Materials	35,659	(4,000)	31,659	22,488	9,171
Total Undist. Expend. - Student Transportation Services	1,273,204	438,418	1,711,622	1,698,578	13,044
Unallocated Benefits:					
Social Security Contributions	596,960	(78,162)	518,798	518,798	
Other Retirement Contribution - PERS	610,400	(45,917)	564,483	562,387	2,096
Other Retirement Contribution - Regular	4,000	729	4,729	4,729	
Workmen's Compensation	260,586	6,850	267,436	267,436	
Health Benefits	6,543,000	22,135	6,565,135	6,565,135	
Tuition Reimbursement	130,000	(20,199)	109,801	109,800	1
Other Employee Benefits	139,500	(6,777)	132,723	132,057	666
Total Unallocated Benefits	8,284,446	(121,341)	8,163,105	8,160,342	2,763
Unallocated Benefits:					
ON-BEHALF CONTRIBUTIONS:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,747,420	(1,747,420)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				3,773,365	(3,773,365)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				78,986	(78,986)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				4,418	(4,418)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,497,759	(1,497,759)
TOTAL ON-BEHALF CONTRIBUTIONS				7,101,948	(7,101,948)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	8,284,446	(121,341)	8,163,105	15,262,290	(7,099,185)

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 25,722,318	\$ 590,999	\$ 26,313,317	\$ 33,047,484	\$ (6,734,167)
TOTAL GENERAL CURRENT EXPENSE	45,465,097	101,709	45,566,806	52,265,841	(6,699,035)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	27,435	4,173	27,435	27,435	
School-Sponsored/Athletics			4,173	4,173	
Undistributed:					
Instruction		2,897	2,897		2,897
Administration Information Technology		12,875	12,875	12,833	42
Total Equipment	27,435	19,945	47,380	44,441	2,939
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	298,362		298,362	221,594	76,768
Other Purchased Professional and Technical Services	800,000		800,000	430,815	369,185
Construction Services	3,182,400	264,753	3,447,153	472,919	2,974,234
Supplies and Materials	189,000	(189,000)			
Other Objects - Assessment for Debt Service on SDA Funding	3,589		3,589	3,589	
Total Facilities Acquisition and Construction Services	4,473,351	75,753	4,549,104	1,128,917	3,420,187
TOTAL CAPITAL OUTLAY	4,500,786	95,698	4,596,484	1,173,358	3,423,126
Transfer of Funds to Charter Schools	24,871	320	25,191	25,191	
TOTAL EXPENDITURES	49,990,754	197,727	50,188,481	53,464,390	(3,275,909)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(5,383,427)	(197,727)	(5,581,154)	(1,392,033)	4,189,121

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Capital Reserve - Prior Year Reimbursement of SDA Projects				\$ 343,560	\$ 343,560
Maintenance Reserve - Prior Year Reimbursement of SDA Projects				565,559	565,559
Total Other Financing Sources				<u>909,119</u>	<u>909,119</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	\$ (5,383,427)	\$ (197,727)	\$ (5,581,154)	(482,914)	5,098,240
Fund Balance, July 1	<u>8,251,221</u>		<u>8,251,221</u>	<u>8,251,221</u>	
Fund Balance, June 30	<u>\$ 2,867,794</u>	<u>\$ (197,727)</u>	<u>\$ 2,670,067</u>	<u>\$ 7,768,307</u>	<u>\$ 5,098,240</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,130,446	
Maintenance Reserve				1,396,230	
Excess Surplus to be Utilized for 2020-2021 school year				134,978	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				411,149	
Year End Encumbrances				3,587,937	
Unassigned Fund Balance				<u>1,107,567</u>	
				7,768,307	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(146,293)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 7,622,014</u>	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 65,000	\$ (5,744)	\$ 59,256	\$ 59,149	\$ (107)
State Sources	140,903	90,626	231,529	208,588	(22,941)
Federal Sources	554,824	237,296	792,120	788,236	(3,884)
Total Revenues	760,727	322,178	1,082,905	1,055,973	(26,932)
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services	98,128	51,311	149,439	128,449	20,990
Tuition	457,733	39,896	497,629	497,629	
General Supplies	148,535	(60,499)	88,036	86,964	1,072
Textbooks	21,039	21,039	21,039	20,719	320
Total Instruction	704,396	51,747	756,143	733,761	22,382
Support Services:					
Other Salaries	41,117	41,117	41,117	41,117	
Purchased Professional and Technical Services	31,611	102,471	134,082	133,963	119
Other Purchased Services	24,720	40,291	40,291	37,491	2,800
Supplies and Materials	56,331	52,510	77,230	75,599	1,631
Total Support Services	56,331	236,389	292,720	288,170	4,550
Facilities Acquisition:					
Instructional Equipment	34,042	34,042	34,042	34,042	
Total Facilities Acquisition	34,042	34,042	34,042	34,042	
Total Expenditures	\$ 760,727	\$ 322,178	\$ 1,082,905	\$ 1,055,973	\$ 26,932

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 52,072,357	\$ 1,055,973
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		13,681
Cancellation of Prior Year Encumbrances		(196)
Current Year Encumbrances		(11,874)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	105,241	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(146,293)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 52,031,305</u>	<u>\$ 1,057,584</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 53,464,390	\$ 1,055,973
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		13,681
Cancellation of Prior Year Encumbrances		(196)
Current Year Encumbrances		<u>(11,874)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 53,464,390</u>	<u>\$ 1,057,584</u>

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic			
	Textbooks	Nursing	Technology Initiative	Security Aid
REVENUES:				
Local Sources				
State Sources	\$ 20,719	\$ 38,218	\$ 13,968	\$ 59,420
Federal Sources				
Total Revenues	20,719	38,218	13,968	59,420
EXPENDITURES:				
Instruction:				
Purchased Professional - Educational Services		38,218	13,968	
Tuition				
General Supplies	20,719			
Textbooks				
Total Instruction	20,719	38,218	13,968	
Support Services:				
Other Salaries				
Purchased Professional and Technical Services				
Other Purchased Services				59,420
Supplies and Materials				
Total Support Services				59,420
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 20,719	\$ 38,218	\$ 13,968	\$ 59,420

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic Handicapped Services			
	Examination and Classification	Corrective Speech	Supplementary Instruction	Compensatory Education
REVENUES:				
Local Sources				
State Sources	\$ 30,033	\$ 12,499	\$ 24,425	\$ 9,306
Federal Sources				
Total Revenues	<u>30,033</u>	<u>12,499</u>	<u>24,425</u>	<u>9,306</u>
EXPENDITURES:				
Instruction:				
Purchased Professional - Educational Services	30,033	12,499	24,425	9,306
Tuition				
General Supplies				
Textbooks				
Total Instruction	<u>30,033</u>	<u>12,499</u>	<u>24,425</u>	<u>9,306</u>
Support Services:				
Other Salaries				
Purchased Professional and Technical Services				
Other Purchased Professional Services				
Supplies and Materials				
Total Support Services				
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 30,033</u>	<u>\$ 12,499</u>	<u>\$ 24,425</u>	<u>\$ 9,306</u>

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act				
	Title I	Title IIA	Title III	Title III Immigrant	Title IV
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 70,144	\$ 59,653	\$ 17,710	\$ 11,592	\$ 18,328
Total Revenues	<u>70,144</u>	<u>59,653</u>	<u>17,710</u>	<u>11,592</u>	<u>18,328</u>
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services					
Tuition					
General Supplies	27,878		4,992		9,173
Textbooks					
Total Instruction	<u>27,878</u>		<u>4,992</u>		<u>9,173</u>
Support Services:					
Other Salaries	25,116		8,438	7,563	
Purchased Professional and Technical Services	5,034	26,408			9,155
Other Purchased Services	2,070	33,245	2,176		
Supplies and Materials	10,046		2,104	4,029	
Total Support Services	<u>42,266</u>	<u>59,653</u>	<u>12,718</u>	<u>11,592</u>	<u>9,155</u>
Facilities Acquisition:					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 70,144</u>	<u>\$ 59,653</u>	<u>\$ 17,710</u>	<u>\$ 11,592</u>	<u>\$ 18,328</u>

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Local Donations	I.D.E.A.		Totals 2019
		Basic	Preschool	
REVENUES:				
Local Sources	\$ 59,149			\$ 59,149
State Sources				208,588
Federal Sources		\$ 591,924	\$ 18,885	788,236
Total Revenues	59,149	591,924	18,885	1,055,973
EXPENDITURES:				
Instruction:				
Purchased Professional - Educational Services		497,629		128,449
Tuition				497,629
General Supplies	35,421	9,500		86,964
Textbooks				20,719
Total Instruction	35,421	507,129		733,761
Support Services:				
Other Salaries				41,117
Purchased Professional and Technical Services		74,481	18,885	133,963
Other Purchased Services				37,491
Supplies and Materials				75,599
Total Support Services		74,481	18,885	288,170
Facilities Acquisition:				
Instructional Equipment	23,728	10,314		34,042
Total Facilities Acquisition	23,728	10,314		34,042
Total Expenditures	\$ 59,149	\$ 591,924	\$ 18,885	\$ 1,055,973

CAPITAL PROJECTS FUND

BOROUGH OF MADISON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Expenditures:	
Purchased Professional and Technical Services	\$ 14,313
Construction Services	1,276,727
General Supplies	56,190
Equipment	<u>153,303</u>
Total Expenditures	<u>1,500,533</u>
Deficit of Revenue Under Expenditures	(1,500,533)
Fund Balance - Beginning of Year	<u>1,500,533</u>
Fund Balance - End of Year	<u><u>\$ -0-</u></u>

BOROUGH OF MADISON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS PROJECT ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 3,946,248		\$ 3,946,248	\$ 3,946,248
Total Revenue and Other Financing Sources	3,946,248		3,946,248	3,946,248
Expenditures:				
Purchased Professional and Technical Services	17,750	\$ 14,313	32,063	32,063
Construction Services	2,398,429	1,276,727	3,675,156	3,675,156
General Supplies		56,190	56,190	56,190
Equipment and Furniture	29,536	153,303	182,839	182,839
Total Expenditures	2,445,715	1,500,533	3,946,248	3,946,248
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 1,500,533	\$ (1,500,533)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,946,248
Project Balance Cancelled	-0-
Revised Authorized Cost	3,946,248
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/18
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Non-Major Funds		Major Funds			Total Enterprise Funds
	Integrated Preschool	Food Service	Total	Summer Program	Kindergarten Wrap-Around	
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 7,900	\$ 46,128	\$ 54,028	\$ 92,896	\$ 1,074,727	\$ 1,221,651
Intergovernmental Accounts Receivable:						
State		702	702			702
Federal		11,951	11,951			11,951
Inventories		3,944	3,944			3,944
Total Current Assets	7,900	62,725	70,625	92,896	1,074,727	1,238,248
Non-Current Assets:						
Capital Assets		356,870	356,870			356,870
Less: Accumulated Depreciation		(304,891)	(304,891)			(304,891)
Total Non-Current Assets		51,979	51,979			51,979
Total Assets	7,900	114,704	122,604	92,896	1,074,727	1,290,227
LIABILITIES:						
Current Liabilities:						
Accounts Payable		15,306	15,306		1,408	16,714
Unearned Revenue	2,650	11,790	14,440	94,900		109,340
Total Current Liabilities	2,650	27,096	29,746	94,900	1,408	126,054
Total Liabilities	2,650	27,096	29,746	94,900	1,408	126,054
NET POSITION:						
Investment in Capital Assets		51,979	51,979			51,979
Unrestricted/(Deficit)	5,250	35,629	40,879	(2,004)	1,073,319	1,112,194
Total Net Position/(Deficit)	\$ 5,250	\$ 87,608	\$ 92,858	\$ (2,004)	\$ 1,073,319	\$ 1,164,173

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Funds		Total	Major Funds			Total Enterprise Funds
	Integrated Preschool	Food Service		Summer Program	Kindergarten Wrap-Around		
Operating Revenue:							
Daily Sales:							
Reimbursable Programs		\$ 251,602	\$ 251,602			\$ 251,602	
Non-Reimbursable Programs		333,092	333,092			333,092	
Charges for Services:							
Program Fees	\$ 9,200		9,200	\$ 52,500	\$ 455,650	517,350	
Miscellaneous Revenue		2,177	2,177			2,177	
Total Operating Revenue	9,200	586,871	596,071	52,500	455,650	1,104,221	
Operating Expenses:							
Cost of Sales:							
Reimbursable Programs		200,479	200,479			200,479	
Non-Reimbursable Programs		90,070	90,070			90,070	
Salaries	8,000	217,676	225,676	26,338	198,148	450,162	
Employee Benefits		78,186	78,186		30,344	108,530	
Purchased Professional and Technical Services		29,035	29,035		26,112	55,147	
Other Purchased Services		20,589	20,589		12,006	32,595	
Supplies and Materials		28,581	28,581	22,366	9,686	60,633	
Miscellaneous Expense		12,978	12,978	5,800		18,778	
Depreciation Expense		6,381	6,381			6,381	
Total Operating Expenses	8,000	683,975	691,975	54,504	276,296	1,022,775	
Operating Income/(Loss)	1,200	(97,104)	(95,904)	(2,004)	179,354	81,446	

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Funds			Major Funds			Total Enterprise Funds
	Integrated Preschool	Food Service	Total	Summer Program	Kindergarten Wrap-Around		
Non-Operating Revenue:							
State Sources:							
State School Lunch Program		\$ 5,329	\$ 5,329				\$ 5,329
Federal Sources:							
National School Lunch Program		89,301	89,301				89,301
Special Milk Program		138	138				138
Food Distribution Program		8,541	8,541				8,541
Total Non-Operating Income		103,309	103,309				103,309
Change in Net Position Before Other Items	\$ 1,200	6,205	7,405	\$ (2,004)	\$ 179,354		184,755
Other Items:							
Cancellation of Prior Year's Accounts Receivable					(3,150)		(3,150)
Total Other Items					(3,150)		(3,150)
Change in Net Position	1,200	6,205	7,405	(2,004)	176,204		181,605
Net Position - Beginning of Year	4,050	81,403	85,453		897,115		982,568
Net Position/(Deficit) - End of Year	\$ 5,250	\$ 87,608	\$ 92,858	\$ (2,004)	\$ 1,073,319		\$ 1,164,173

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Funds		Major Funds			Total Enterprise Funds
	Integrated Preschool	Food Service	Total	Summer Program	Kindergarten Wrap-Around	
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 11,200	\$ 580,831	\$ 592,031	\$ 94,200	\$ 370,550	\$ 1,056,781
Payments to Food Service Contractor		(657,370)	(657,370)			(657,370)
Payments to/for Employees	(8,000)		(8,000)	(26,338)	(228,492)	(262,830)
Payments to Suppliers		(1,397)	(1,397)	(28,166)	(46,396)	(75,959)
Net Cash Provided by/(Used for) Operating Activities	3,200	(77,936)	(74,736)	39,696	95,662	60,622
Cash Flows from Noncapital Financing Activities:						
State Sources		5,203	5,203			5,203
Federal Sources		87,403	87,403			87,403
Net Cash Provided by Noncapital Financing Activities		92,606	92,606			92,606
Net Increase in Cash and Cash Equivalents	3,200	14,670	17,870	39,696	95,662	153,228
Cash and Cash Equivalents, July 1	4,700	31,458	36,158	53,200	979,065	1,068,423
Cash and Cash Equivalents, June 30	\$ 7,900	\$ 46,128	\$ 54,028	\$ 92,896	\$ 1,074,727	\$ 1,221,651

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Funds		Major Funds			Total Enterprise Funds
	Integrated Preschool	Food Service	Total	Summer Program	Kindergarten Wrap-Around	
\$	1,200	\$ (97,104)	\$ (95,904)	\$ (2,004)	\$ 179,354	\$ 81,446
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Operating Income/(Loss)						
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation		6,381	6,381			6,381
Food Distribution Program		8,541	8,541			8,541
Changes in Assets and Liabilities:						
Decrease in Inventory		2,136	2,136			2,136
Increase in Accounts Payable		8,150	8,150		1,408	9,558
Increase/(Decrease) in Unearned Revenue	2,000	(6,040)	(4,040)	41,700	(85,100)	(47,440)
Net Cash Provided by/(Used for) Operating Activities	\$ 3,200	\$ (77,936)	\$ (74,736)	\$ 39,696	\$ 95,662	\$ 60,622

Noncash Investing, Capital and Financing Activities:
The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$8,541 and utilized U.S.D.A. Commodities valued at \$8,541.

FIDUCIARY FUNDS

BOROUGH OF MADISON SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency		Total Agency		Unemployment Compensation Trust		Flexible Spending Trust		Private Purpose Scholarship Trust		Totals	
	Student Activities	Payroll	\$	320,415	\$	214,571	\$	109,566	\$	109,712	\$	754,264
<u>ASSETS:</u>												
Cash and Cash Equivalents	\$ 315,106	\$ 5,309	\$	320,415	\$	214,571	\$	109,566	\$	109,712	\$	754,264
Total Assets	315,106	5,309		320,415		214,571		109,566		109,712		754,264
<u>LIABILITIES:</u>												
Payroll Deductions and Withholdings Due to Student Groups	315,106	5,309		5,309								5,309
Total Liabilities	315,106	5,309		320,415								315,106
<u>NET POSITION:</u>												
Held in Trust for:												
Unemployment Claims						214,571						214,571
Flexible Spending Claims								109,566				109,566
Restricted for Scholarships										109,712		109,712
Total Net Position	\$ -0-	\$ -0-	\$	-0-	\$	214,571	\$	109,566	\$	109,712	\$	433,849

BOROUGH OF MADISON SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
ADDITIONS:				
Contributions:				
Plan Members	\$ 73,435	\$ 120,424		\$ 193,859
Donations			\$ 5,446	5,446
Total Contributions	<u>73,435</u>	<u>120,424</u>	<u>5,446</u>	<u>199,305</u>
Investment Earnings:				
Interest	1,269	457	352	2,078
Net Investment Earnings	<u>1,269</u>	<u>457</u>	<u>352</u>	<u>2,078</u>
Total Additions	<u>74,704</u>	<u>120,881</u>	<u>5,798</u>	<u>201,383</u>
DEDUCTIONS:				
Unemployment Claims	87,978			87,978
Scholarships Awarded			10,150	10,150
Flexible Spending Claims		95,446		95,446
Total Deductions	<u>87,978</u>	<u>95,446</u>	<u>10,150</u>	<u>193,574</u>
Change in Net Position	(13,274)	25,435	(4,352)	7,809
Net Position - Beginning of the Year	<u>227,845</u>	<u>84,131</u>	<u>114,064</u>	<u>426,040</u>
Net Position - End of the Year	<u>\$ 214,571</u>	<u>\$ 109,566</u>	<u>\$ 109,712</u>	<u>\$ 433,849</u>

BOROUGH OF MADISON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 328,965	\$ 469,146	\$ 483,005	\$ 315,106
Total Assets	<u>\$ 328,965</u>	<u>\$ 469,146</u>	<u>\$ 483,005</u>	<u>\$ 315,106</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 328,965	\$ 469,146	\$ 483,005	\$ 315,106
Total Liabilities	<u>\$ 328,965</u>	<u>\$ 469,146</u>	<u>\$ 483,005</u>	<u>\$ 315,106</u>

BOROUGH OF MADISON SCHOOL DISTRICT'
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary Schools:				
Central Avenue	\$ 5,807	\$ 11,550	\$ 12,971	\$ 4,386
Kings Road School	4,632	9,481	8,840	5,273
Torey J Sabatini	4,378	13,226	10,838	6,766
Total Elementary Schools	<u>14,817</u>	<u>34,257</u>	<u>32,649</u>	<u>16,425</u>
Middle Schools:				
Junior School	<u>55,933</u>	<u>71,023</u>	<u>81,063</u>	<u>45,893</u>
High School	<u>258,094</u>	<u>286,082</u>	<u>289,697</u>	<u>254,479</u>
Athletic Fund	<u>121</u>	<u>77,784</u>	<u>79,596</u>	<u>(1,691)</u>
Total All Schools/Funds	<u>\$ 328,965</u>	<u>\$ 469,146</u>	<u>\$ 483,005</u>	<u>\$ 315,106</u>

BOROUGH OF MADISON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 27,825	\$ 39,517,397	\$ 39,539,913	\$ 5,309
Total Assets	<u>\$ 27,825</u>	<u>\$ 39,517,397</u>	<u>\$ 39,539,913</u>	<u>\$ 5,309</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 27,825	\$ 39,517,397	\$ 39,539,913	\$ 5,309
Total Liabilities	<u>\$ 27,825</u>	<u>\$ 39,517,397</u>	<u>\$ 39,539,913</u>	<u>\$ 5,309</u>

LONG-TERM DEBT

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Retired or Matured	Balance June 30, 2019
			Date	Amount				
Various School Improvements	12/27/07	\$ 11,085,000				\$ 285,000	\$ 285,000	\$ -0-
School Refunding Bonds	05/30/12	9,955,000	12/15/19	\$ 60,000	3.000%			
			12/15/20	65,000	3.000%			
			12/15/21	65,000	2.000%			
			12/15/22	65,000	2.250%			
			12/15/23	70,000	2.375%			
			12/15/24	70,000	2.500%			
			12/15/25	70,000	2.750%			
			12/15/26	75,000	4.000%			
			12/15/27	75,000	4.000%			
			12/15/28	80,000	4.000%			
			12/15/29	85,000	3.000%			
			12/15/30	85,000	3.125%			
			12/15/31	660,000	3.000%			
			12/15/32	1,915,000	3.100%			
			12/15/33	1,980,000	3.150%			
		12/15/34	2,045,000	3.250%				
		12/15/35	2,110,000	3.300%		9,635,000	60,000	9,575,000
School Refunding Bonds	09/26/12	21,075,000	12/15/19	1,110,000	3.000%			
			12/15/20	1,145,000	3.000%			
			12/15/21	1,185,000	3.000%			
			12/15/22	1,225,000	3.000%			
			12/15/23	1,265,000	4.000%			
		12/15/24	1,320,000	4.000%				

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Retired or Matured	Balance June 30, 2019
			Date	Amount				
School Refunding Bonds	09/26/12	\$ 21,075,000	12/15/25	\$ 1,375,000	4.000%			
			12/15/26	1,440,000	4.000%			
			12/15/27	1,495,000	4.000%			
			12/15/28	1,550,000	3.000%			
			12/15/29	1,600,000	3.125%			
			12/15/30	1,650,000	3.125%			
			12/15/31	1,130,000	3.250%	\$ 18,565,000	\$ 1,075,000	\$ 17,490,000
School Refunding Bonds	12/29/15	7,060,000	09/15/19	320,000	3.000%			
			09/15/20	330,000	3.000%			
			09/15/21	330,000	3.000%			
			09/15/22	335,000	3.000%			
			09/15/23	350,000	4.000%			
			09/15/24	365,000	4.000%			
			09/15/25	380,000	4.000%			
			09/15/26	390,000	4.000%			
			09/15/27	400,000	4.000%			
			09/15/28	420,000	4.000%			
			09/15/29	430,000	2.875%			
			09/15/30	445,000	2.875%			
			09/15/31	460,000	4.000%			
			09/15/32	480,000	4.000%			
			09/15/33	490,000	4.000%			
		09/15/34	515,000	4.000%				
		09/15/35	545,000	4.000%				
						\$ 7,010,000	25,000	6,985,000
						\$ 35,495,000	\$ 1,445,000	\$ 34,050,000

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,090,015		\$ 2,090,015	\$ 2,090,015	
State Sources:					
Debt Service Aid Type II	539,322		539,322	539,322	
Total Revenues	<u>2,629,337</u>		<u>2,629,337</u>	<u>2,629,337</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,184,337		1,184,337	1,184,337	
Redemption of Principal	1,445,000		1,445,000	1,445,000	
Total Regular Debt Service	<u>2,629,337</u>		<u>2,629,337</u>	<u>2,629,337</u>	
Total Expenditures	<u>2,629,337</u>		<u>2,629,337</u>	<u>2,629,337</u>	
Deficit of Revenue Under Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	<u>1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
Recapitulation:					
Restricted - Subsequent Year's Expenditures			\$ 1	\$ 1	
			\$ 1	\$ 1	

STATISTICAL SECTION

(UNAUDITED)

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

BOROUGH OF MADISON SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$14,236,206	\$13,818,168	\$10,551,893	\$11,187,229	\$11,332,466	\$15,653,963	\$16,342,044	\$16,311,254	\$20,162,837	\$22,109,941
Restricted	268,850	155,005	512,198	1,099,168	502,063	3,012,878	12,835,643	11,567,657	5,301,619	2,661,655
Unrestricted/(Deficit)	(1,449,059)	(394,485)	4,276,697	2,972,124	(3,594,860)	(8,440,515)	(9,636,859)	(10,260,343)	(9,360,684)	(8,945,774)
Total Governmental Activities Net Position	\$13,055,997	\$13,578,688	\$15,340,788	\$15,258,521	\$8,239,669	\$10,226,326	\$19,540,828	\$17,618,568	\$16,103,772	\$15,825,822
Business-type Activities										
Investment in Capital Assets	\$ 44,836	\$ 54,224	\$ 75,030	\$ 88,203	\$ 81,297	\$ 74,143	\$ 71,712	\$ 65,626	\$ 58,360	\$ 51,979
Unrestricted	43,669	60,278	47,305	16,962	172,199	316,844	482,596	703,719	924,208	1,112,194
Total Business-type Activities Net Position	\$ 88,505	\$ 114,502	\$ 122,335	\$ 105,165	\$ 253,496	\$ 390,987	\$ 554,308	\$ 769,345	\$ 982,568	\$ 1,164,173
District-wide										
Net Investment in Capital Assets	\$14,281,042	\$13,872,392	\$10,626,923	\$11,275,432	\$11,413,763	\$15,728,106	\$16,413,756	\$16,376,880	\$20,221,197	\$22,161,920
Restricted	268,850	155,005	512,198	1,099,168	502,063	3,012,878	12,835,643	11,567,657	5,301,619	2,661,655
Unrestricted/(Deficit)	(1,405,390)	(334,207)	4,324,002	2,989,086	(3,422,661)	(8,123,671)	(9,154,263)	(9,556,624)	(8,436,476)	(7,833,580)
Total District Net Position	\$13,144,502	\$13,693,190	\$15,463,123	\$15,363,686	\$8,493,165	\$10,617,313	\$20,095,136	\$18,387,913	\$17,086,340	\$16,989,995

Source: School District Financial Reports

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 16,493,978	\$ 15,913,709	\$ 16,691,709	\$ 17,960,322	\$ 17,173,580	\$ 20,709,510	\$ 22,134,753	\$ 23,910,729	\$ 29,009,506	\$ 26,214,463
Special Education	3,310,439	3,310,478	3,240,215	3,376,254	3,571,209	4,766,540	5,410,247	5,715,609	6,779,627	6,546,143
Other Special Education	769,639	849,652	673,459	686,980	819,199	1,139,843	1,118,974	1,125,055	1,251,166	1,292,875
School Sponsors/Other Instruction	1,406,683	1,247,790	1,332,498	1,422,637	1,486,849	1,825,173	1,913,513	2,210,472	1,541,826	1,527,333
Support Services:										
Tuition	1,636,198	1,630,089	1,361,518	1,381,361	1,284,815	1,618,438	1,510,444	1,707,515	1,975,166	2,236,459
Student & Instruction Related Services	5,690,272	5,836,849	5,868,557	6,913,818	7,204,111	8,505,628	9,214,701	9,960,425	10,279,696	10,248,883
General Administrative Services	1,113,395	1,119,726	1,029,336	1,285,368	1,115,311	1,348,501	1,342,234	1,287,818	1,359,652	1,618,751
School Administrative Services	1,934,285	1,815,938	1,899,136	2,056,418	1,995,306	2,426,228	2,569,426	2,593,190	2,644,749	2,621,275
Central Services	593,624	618,872	563,464	632,739	641,578	666,171	684,642	821,804	923,069	936,514
Administrative Information Technology	146,251	131,011	137,543	171,337	171,171	183,035	288,293	325,150	333,399	333,745
Plant Operations and Maintenance	3,776,335	3,380,072	3,391,041	3,621,643	3,244,363	4,334,959	4,804,932	4,914,974	5,284,412	5,266,251
Pupil Transportation	1,092,823	1,274,856	1,200,452	1,285,599	1,008,031	1,178,059	1,173,062	1,254,338	1,353,378	1,766,188
Transfer of Funds to Charter School	6,795			34,250		8,606	24,192	24,261	35,227	25,191
Interest on Long-term Debt	1,987,662	1,966,701	1,760,634	1,548,776	1,591,920	1,529,594	1,488,674	1,269,124	1,272,725	1,293,088
Unallocated Depreciation	1,480,345	1,490,501	1,483,372	1,483,372	1,540,461	1,537,042	1,527,119	1,407,342		
Total Governmental Activities Expenses	41,438,724	40,586,244	40,633,134	43,860,874	42,847,904	51,777,327	55,205,206	60,527,806	64,043,598	61,997,159
Business-type Activities:										
Food Service	690,171	715,271	761,673	750,099	728,307	686,979	694,629	700,715	655,069	683,975
Kindergarten Wrap Around				137,938	160,336	182,627	246,240	181,812	243,432	276,296
Integrated Preschool					13,600	16,250	12,200	12,300		8,000
Summer Program										54,504
Total Business-type Activities Expense	690,171	715,271	761,673	888,037	902,243	885,856	953,069	894,827	898,501	1,022,775
Total District Expenses	\$ 42,128,895	\$ 41,301,515	\$ 41,394,807	\$ 44,748,911	\$ 43,750,147	\$ 52,663,183	\$ 56,158,275	\$ 61,422,633	\$ 64,942,099	\$ 63,019,934
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 1,530,100	\$ 1,660,699	\$ 1,704,388	\$ 1,695,519	\$ 1,805,518	\$ 1,806,176	\$ 1,815,704	\$ 1,754,597	\$ 1,854,512	\$ 1,849,541
School Sponsored/Other Instruction (Student Activity Fees)		61,018	87,275	89,400	93,135	92,775	95,825	87,300	10,800	10,800
Pupil Transportation (Subscription Busing)	3,563	7,600	4,250	6,000	5,214	8,125	9,750	12,480	10,800	10,800
Operating Grants and Contributions	5,612,621	4,668,640	5,340,519	6,469,234	5,866,662	10,865,042	12,754,451	16,482,287	18,133,228	14,718,076
Capital Grants and Contributions								343,102		
Total Governmental Activities Program Revenues	7,146,284	6,397,957	7,136,432	8,260,153	7,770,529	12,772,118	14,675,730	18,679,766	19,998,540	16,578,417
Business-type Activities:										
Charges for Services:										
Food Service	573,195	616,362	644,443	590,535	609,166	570,857	576,339	565,458	555,058	586,871
Kindergarten Wrap Around				154,900	300,550	316,950	410,600	418,300	448,200	455,650
Integrated Preschool					13,600	16,250	12,200	15,250	1,100	9,200
Summer Program										52,500
Operating Grants and Contributions - Food Service	130,878	124,906	125,063	114,767	127,258	119,290	117,251	110,856	107,366	103,309
Total Business-type Activities Program Revenues	704,073	741,268	769,506	860,202	1,030,574	1,023,347	1,116,390	1,109,864	1,111,724	1,207,530
Total District Program Revenues	\$ 7,850,357	\$ 7,139,225	\$ 7,905,938	\$ 9,120,355	\$ 8,821,103	\$ 13,795,465	\$ 15,792,120	\$ 19,789,630	\$ 21,110,264	\$ 17,785,947

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue:										
Governmental Activities	\$ (34,292,440)	\$ (34,188,287)	\$ (33,496,702)	\$ (35,600,721)	\$ (35,077,375)	\$ (39,005,209)	\$ (40,529,476)	\$ (41,848,040)	\$ (44,045,058)	\$ (45,418,742)
Business-type Activities	13,902	25,997	7,833	(27,835)	148,331	137,491	163,321	215,037	213,223	184,755
Total District-wide Net Expense	\$ (34,278,538)	\$ (34,162,290)	\$ (33,488,869)	\$ (35,628,556)	\$ (34,929,044)	\$ (38,867,718)	\$ (40,366,155)	\$ (41,633,003)	\$ (43,831,835)	\$ (45,233,987)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 30,908,200	\$ 31,889,528	\$ 32,527,319	\$ 33,177,865	\$ 33,979,228	\$ 36,110,120	\$ 37,961,408	\$ 38,740,759	\$ 39,515,574	\$ 40,806,822
Taxes Levied for Debt Service	2,276,190	2,529,425	2,524,587	2,513,089	2,425,545	2,404,748	2,397,198	2,302,922	2,070,457	2,090,015
Unrestricted Grants and Contributions	165,058	17,205		32,856	38,056	81,021	100,346	592,828	658,667	805,104
Sale of Property						2,000,000	9,000,000			
Investment Earnings and Miscellaneous Income	123,893	274,820	206,896	359,240	299,290	395,977	353,245	433,653	285,564	529,732
Transfers				(10,665)			31,781			
Capital Reserve - Reimbursement for Local Share										343,560
Maintenance Reserve - Reimbursement for Local Share										565,559
Total Governmental Activities	33,473,341	34,710,978	35,258,802	36,072,385	36,742,119	40,991,866	49,843,978	42,070,162	42,530,262	45,140,792
Business-type Activities:				10,665						(3,150)
Transfers										(3,150)
Cancellation of Prior Year Accounts Receivable										
Total Business-type Activities				10,665						(3,150)
Total District-wide	\$ 33,473,341	\$ 34,710,978	\$ 35,258,802	\$ 36,083,050	\$ 36,742,119	\$ 40,991,866	\$ 49,843,978	\$ 42,070,162	\$ 42,530,262	\$ 45,137,642
Change in Net Position										
Governmental Activities	\$ (819,099)	\$ 522,691	\$ 1,762,100	\$ 471,664	\$ 1,664,744	\$ 1,986,657	\$ 9,314,502	\$ 222,122	\$ (1,514,796)	\$ (277,950)
Business-type Activities	13,902	25,997	7,833	(17,170)	148,331	137,491	163,321	215,037	213,223	181,605
Total District	\$ (805,197)	\$ 548,688	\$ 1,769,933	\$ 454,494	\$ 1,813,075	\$ 2,124,148	\$ 9,477,823	\$ 437,159	\$ (1,301,573)	\$ (96,345)

Source: School District Financial Reports

BOROUGH OF MADISON SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved/Restricted	\$ 51,200	\$ 155,005	\$ 512,198	\$ 1,099,168	\$ 498,230	\$ 3,005,954	\$ 12,810,789	\$ 11,542,803	\$ 5,301,618	\$ 2,661,654
Assigned		435,485	1,566,141	882,145	2,231,086	1,504,758	1,401,219	1,888,758	1,848,979	3,999,086
Unassigned		832,498	1,242,425	799,811	733,937	841,580	809,169	883,318	995,383	961,274
Unreserved	716,470									
Total General Fund	\$ 767,670	\$ 1,422,988	\$ 3,320,764	\$ 2,781,124	\$ 3,463,253	\$ 5,352,292	\$ 15,021,177	\$ 14,314,879	\$ 8,145,980	\$ 7,622,014
All Other Governmental Funds										
Reserved/Restricted					\$ 3,833	\$ 773	\$ 24,854	\$ 24,854	\$ 1	\$ 1
Committed					834,864	120,868	57,143		1,500,533	
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 838,697	\$ 121,641	\$ 81,997	\$ 24,854	\$ 1,500,534	\$ 1
Total Governmental Funds	\$ 767,670	\$ 1,422,988	\$ 3,320,764	\$ 2,781,124	\$ 4,301,950	\$ 5,473,933	\$ 15,103,174	\$ 14,339,733	\$ 9,646,514	\$ 7,622,015

Source: School District Financial Reports

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Local Tax Levy	\$ 33,184,390	\$ 34,418,953	\$ 35,051,906	\$ 35,690,954	\$ 36,404,773	\$ 38,514,868	\$ 40,358,606	\$ 41,043,681	\$ 41,586,031	\$ 42,896,837
Tuition from Individuals						161,000	192,000	114,200	119,000	104,000
Tuition from Other LEAs						1,645,176	1,623,704	1,640,397	1,636,262	1,656,571
Sale of Property	1,530,100	1,660,699	1,704,388	1,695,519	1,805,518	2,000,000	9,000,000			
Interest Earned on Maintenance Reserve Funds								12,098	6,143	3,993
Interest Earned on Capital Reserve Funds								49,700	52,969	34,430
Miscellaneous	164,318	425,613	365,292	568,278	481,170	647,114	527,833	552,156	459,355	645,321
State Sources	4,979,755	3,540,520	4,593,298	5,680,194	5,146,078	5,792,884	6,520,667	7,507,355	8,162,427	9,512,926
Federal Sources	761,062	1,063,150	680,350	708,258	675,109	708,250	718,526	646,596	755,318	864,148
Total Revenue	40,619,625	41,108,935	42,395,234	44,343,203	44,512,648	49,469,292	58,941,336	51,566,183	52,777,505	55,718,226
Expenditures										
Instruction										
Regular Instruction	12,280,830	11,720,785	12,331,433	13,374,158	12,429,568	13,199,725	13,143,131	13,888,476	14,197,956	14,129,779
Special Education Instruction	2,501,596	2,494,258	2,380,027	2,384,273	2,572,376	2,974,315	3,164,512	3,008,557	3,201,559	3,482,345
Other Special Instruction	565,503	608,270	485,549	471,887	575,907	691,851	642,121	578,439	511,710	584,475
School-Sponsored/Other Instruction	1,093,759	941,569	1,030,880	1,103,105	1,131,269	1,268,741	1,240,510	1,256,684	1,200,133	1,259,165
Support Services:										
Tuition	1,636,198	1,630,089	1,361,518	1,381,361	1,284,815	1,618,438	1,510,444	1,707,515	1,975,166	2,236,459
Student & Other Instruction Related Services	4,312,316	4,306,361	4,406,787	5,097,451	5,196,987	5,417,963	5,553,692	5,405,491	5,815,654	6,392,497
General Administrative Services	985,504	1,024,063	937,234	1,152,942	996,607	1,218,958	1,174,552	1,078,846	1,082,549	1,319,968
School Administrative Services	1,388,661	1,317,037	1,389,057	1,398,272	1,431,167	1,491,094	1,462,833	1,481,899	1,461,313	1,548,666
Central Services	510,260	509,461	524,260	514,190	519,845	533,683	541,470	584,620	557,217	590,670
Administrative Information Technology	119,583	104,548	95,103	139,961	139,044	148,000	230,474	236,322	243,705	342,081
Plant Operations and Maintenance	3,324,280	2,959,982	3,015,056	3,226,395	3,033,566	3,871,096	4,276,237	5,244,997	4,390,148	4,448,770
Student Transportation	1,060,479	1,234,916	1,172,290	1,255,080	981,635	1,156,477	1,152,415	1,238,534	1,257,488	1,698,578
Unallocated Benefits	8,000,623	8,455,831	8,220,581	9,841,747	9,657,039	10,768,388	11,956,911	12,548,561	14,121,028	15,262,290
Transfer of Funds to Charter School	6,795			34,250		8,606	24,192	24,261	35,227	25,191
Capital Outlay	1,563,987	49,470	179,469	413,830	74,197	975,878	351,020	1,145,019	4,783,850	2,701,573
Debt Service:										
Principal	1,075,000	1,125,000	1,170,000	1,250,000	1,465,000	1,510,000	1,560,000	1,620,000	1,405,000	1,445,000
Interest and Other Charges	2,018,493	1,971,977	1,923,214	1,833,276	1,502,800	1,444,096	1,359,362	1,281,403	1,231,021	1,184,337
Total Expenditures	42,443,867	40,453,617	40,622,458	44,872,178	42,991,822	48,297,509	49,343,876	52,329,624	57,470,724	58,651,844
Excess/(Deficit) of Revenues	(1,824,242)	655,318	1,772,776	(528,975)	1,520,826	1,171,983	9,597,460	(763,441)	(4,693,219)	(2,933,618)
Over/(Under) Expenditures										

BOROUGH OF MADISON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources/(Uses)			\$ 125,000							
Capital Leases (Non-Budgeted)										\$ 343,560
Capital Reserve - Reimbursement for Local Share										565,559
Maintenance Reserve - Reimbursement for Local Share										
Long Term Debt Issued							\$ 7,060,000			
Bond Premium							626,844			
Serial Bonds Defeased							(6,945,000)			
Bond Issuance Costs							(51,174)			
Deferred Amount on Refunding Transfers				\$ (10,665)			(690,670)			
			125,000	(10,665)			31,781			909,119
Total Other Financing Sources/(Uses)							31,781			
Net Change in Fund Balances	\$ (1,824,242)	\$ 655,318	\$ 1,897,776	\$ (539,640)	\$ 1,520,826	\$ 1,171,983	\$ 9,629,241	\$ (763,441)	\$ (4,693,219)	\$ (2,024,499)
Debt Service as a Percentage of Noncapital Expenditures	7.57%	7.66%	7.65%	6.94%	6.92%	6.24%	5.92%	5.54%	4.96%	4.69%

BOROUGH OF MADISON SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

Fiscal Year Ending June 30,	Student		Chromebok		Interest on Investments	Use of Facilities	Sale of Property**	Miscellaneous	Total
	Tuition	Activities Fees	Subscription Busing	Insurance Fees					
2010	\$ 1,530,100		\$ 3,563		\$ 3,223	\$ 65,519		\$ 55,151	\$ 1,657,556
2011	1,660,699	\$ 61,018	7,600		749	88,350		185,721	2,004,137
2012	1,704,388	87,275	4,250			97,911		108,985	2,002,809
2013	1,695,519	89,400	6,000		3,940	69,423		285,877	2,150,159
2014	1,805,518	93,135	5,214		5,885	80,742		212,663	2,203,157
2015	1,806,176	92,775	8,125		8,433	69,968	\$ 2,000,000	317,576	4,303,053
2016	1,815,704	95,825	9,750	\$ 22,641	60,765	82,503	9,000,000	187,336	11,274,524
2017	1,754,597	87,300	12,480	27,947	102,519	73,140		150,725	2,208,708
2018	1,755,262	97,180	12,870	26,133	95,291	60,503		103,637	2,150,876
2019	1,760,571	84,950	14,820	745	70,032	76,308		382,647	2,390,073

** Proceeds from sale of Green Village Road School.

Source: Borough of Madison School District records.

BOROUGH OF MADISON SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$14,741,400	\$1,717,949,500	\$312,466,300	\$3,422,000	\$49,503,000	\$2,098,082,200	\$8,427,766	\$2,106,509,966	\$336,503,900	1.533	\$3,768,811,860
2010	16,326,700	1,724,579,800	298,234,900	2,497,000	49,503,000	2,091,141,400	8,700,625	2,099,842,025	320,361,900	1.616	3,646,078,060
2011	14,830,500	1,724,066,900	298,115,100	2,497,000	49,651,900	2,089,161,400	8,919,553	2,098,080,953	341,668,600	1.656	3,599,840,895
2012	15,692,100	1,715,525,900	288,782,600	2,497,000	49,651,900	2,072,149,500	8,462,329	2,080,611,829	361,447,700	1.700	3,513,536,279
2013*	23,333,600	2,798,024,100	465,483,400	4,072,500	91,118,500	3,382,032,100	-0-	3,382,032,100	555,040,400	1.067	3,571,446,562
2014	15,176,600	2,814,994,500	508,259,600	4,072,500	87,621,200	3,430,124,400	-0-	3,430,124,400	557,518,000	1.093	3,624,640,053
2015	23,800,200	2,838,276,000	505,452,600	4,072,500	85,139,200	3,456,740,500	-0-	3,456,740,500	545,316,700	1.142	3,846,608,045
2016	25,010,100	2,850,881,700	516,116,100	4,072,500	86,176,700	3,482,257,100	-0-	3,482,257,100	541,464,300	1.169	3,882,843,683
2017	33,059,700	2,869,521,100	513,866,300	4,072,500	91,676,700	3,512,196,300	-0-	3,512,196,300	532,430,100	1.178	4,061,499,410
2018	31,821,400	2,892,646,400	522,826,000	4,072,500	91,036,700	3,542,403,000	-0-	3,542,403,000	533,431,600	1.193	4,037,538,804

* - Property revaluation became effective in this year.

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100.

Note: 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.

Source: Municipal Tax Assessor.

BOROUGH OF MADISON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Borough of Madison School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Madison	Morris County	
2009	\$ 1.4108	\$ 0.1222	\$ 1.533	\$ 0.594	\$ 0.406	\$ 2.533
2010	1.5052	0.1108	1.616	0.626	0.397	2.639
2011	1.5343	0.1217	1.656	0.647	0.406	2.709
2012	1.5776	0.1224	1.700	0.666	0.413	2.779
2013*	0.9919	0.0751	1.067	0.420	0.267	1.754
2014	1.0202	0.0728	1.093	0.415	0.270	1.778
2015	1.0707	0.0713	1.142	0.417	0.281	1.840
2016	1.0996	0.0694	1.169	0.367	0.284	1.820
2017	1.1194	0.0586	1.178	0.429	0.300	1.907
2018	1.1349	0.0581	1.193	0.434	0.296	1.923

* - Property revaluation became effective in this year.

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

BOROUGH OF MADISON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Giralda Farms LLC	\$ 76,237,500	1	2.15%
175 Park Ave LLC	66,150,000	2	1.87%
7 Giralda Realty LLC	32,800,000	3	0.93%
ARC, LLC	29,400,000	4	0.83%
1 Giralda Realty LLC	21,984,000	5	0.62%
3 Giralda Realty LLC	21,600,000	6	0.61%
HCP SUN1 Madison	17,600,000	7	0.50%
HS Investors LLC c/o Heller Group	17,428,300	8	0.49%
Rose City Associates	12,772,900	9	0.36%
Town Gardens LLC	10,500,000	10	0.30%
Total	\$ 306,472,700		8.65%

Taxpayer	2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Route 24 Holdings, Ind.	\$ 64,000,000	1	3.04%
NJ Bell Co.	25,036,300	2	1.19%
Rex 7 Giralda Farms LLC	23,322,000	3	1.11%
Rex 1 Giralda Farms LLC	23,264,100	4	1.10%
Maersk	18,000,000	5	0.85%
3 Giralda Farms LLC	16,183,300	6	0.77%
Giralda Farms Phase 1 LLC	13,042,400	7	0.62%
HS Investors c/o Heller Group	11,366,400	8	0.54%
Verizon	9,384,123	9	0.45%
Rose City Associates LP of NJ	8,380,000	10	0.40%
	\$ 211,978,623		10.06%

Note: A property revaluation was effective in 2013.

Source: Municipal Tax Assessor

BOROUGH OF MADISON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 33,184,390	\$ 33,184,390	100.00%	-0-
2011	34,418,953	34,418,953	100.00%	-0-
2012	35,051,906	35,051,906	100.00%	-0-
2013	35,690,954	35,690,954	100.00%	-0-
2014	36,404,773	36,404,773	100.00%	-0-
2015	38,514,868	38,514,868	100.00%	-0-
2016	40,358,606	40,358,606	100.00%	-0-
2017	41,043,681	41,043,681	100.00%	-0-
2018	41,586,031	41,586,031	100.00%	-0-
2019	42,896,837	42,896,837	100.00%	-0-

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.

Source: Borough of Madison School District records, including the Certificate and Report of Report of School Taxes (A4F form).

BOROUGH OF MADISON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2010	\$ 43,695,000		\$ -0-	\$ 43,695,000	3.73%	\$ 2,756.78
2011	42,570,000		-0-	42,570,000	3.49%	2,670.30
2012	44,190,000	\$ 125,000	-0-	44,315,000	3.48%	2,769.51
2013	42,940,000	77,025	-0-	43,017,025	3.32%	2,669.54
2014	41,475,000	52,043	-0-	41,527,043	3.11%	2,600.97
2015	39,965,000	26,375	-0-	39,991,375	2.86%	2,504.47
2016	38,520,000	-0-	-0-	38,520,000	2.70%	2,416.56
2017	36,900,000	-0-	-0-	36,900,000	2.47%	2,324.41
2018	35,495,000	-0-	-0-	35,495,000	2.28%	2,148.35
2019	34,050,000	-0-	-0-	34,050,000	2.19%	2,060.89

^a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

BOROUGH OF MADISON SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 43,695,000	\$ -0-	\$ 43,695,000	2.074%	\$ 2,756.78
2011	42,570,000	-0-	42,570,000	2.027%	2,670.30
2012	44,190,000	-0-	44,190,000	2.106%	2,761.70
2013	42,940,000	-0-	42,940,000	2.064%	2,664.76
2014	41,475,000	-0-	41,475,000	1.226%	2,597.71
2015	39,965,000	-0-	39,965,000	1.165%	2,502.82
2016	38,520,000	-0-	38,520,000	1.114%	2,416.56
2017	36,900,000	-0-	36,900,000	1.060%	2,324.41
2018	35,495,000	-0-	35,495,000	1.011%	2,148.35
2019	34,050,000	-0-	34,050,000	0.961%	2,060.89

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

BOROUGH OF MADISON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Madison	\$ 27,859,741	100.00%	\$ 27,859,741
Morris County General Obligation Debt	216,647,700	4.16%	9,011,292
Subtotal, Overlapping Debt			36,871,033
Borough of Madison School District Direct Debt			34,050,000
Total Direct and Overlapping Debt			\$ 70,921,033

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

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 residents and businesses of Madison. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

BOROUGH OF MADISON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2019

Year Ended December 31,	Equalized Valuation Basis
2016	\$ 4,016,907,486
2017	3,992,947,135
2018	4,283,955,738
	\$ 12,293,810,359
Average Equalized Valuation of Taxable Property	\$ 4,097,936,786
Debt Limit (4% of Average Equalization Value) a	\$ 163,917,471
Net Bonded School Debt	34,050,000
Legal Debt Margin	\$ 129,867,471

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 147,739,965	\$ 146,718,970	\$ 143,248,872	\$ 141,897,398	\$ 141,638,856
Total Net Debt Applicable to Limit	43,695,000	42,570,000	44,190,000	42,940,000	41,475,000
Legal Debt Margin	\$ 104,044,965	\$ 104,148,970	\$ 99,058,872	\$ 98,957,398	\$ 100,163,856
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.58%	29.01%	30.85%	30.26%	29.28%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 145,425,277	\$ 149,533,924	\$ 155,575,556	\$ 158,054,593	\$ 163,917,471
Total Net Debt Applicable to Limit	39,965,000	38,520,000	36,900,000	35,495,000	34,050,000
Legal Debt Margin	\$ 105,460,277	\$ 111,013,924	\$ 118,675,556	\$ 122,559,593	\$ 129,867,471
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	27.48%	25.76%	23.72%	22.46%	20.77%

a - Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

BOROUGH OF MADISON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Borough of Madison Income Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2010	15,850	\$ 1,171,600,300	\$ 73,918	5.00%
2011	15,942	1,220,726,766	76,573	4.80%
2012	16,001	1,271,775,481	79,481	5.00%
2013	16,114	1,294,888,812	80,358	6.60%
2014	15,966	1,335,172,716	83,626	4.80%
2015	15,968	1,397,279,840	87,505	4.00%
2016	15,940	1,429,068,820	89,653	3.70%
2017	15,875	1,496,361,625	94,259	3.40%
2018	16,522	1,557,347,198	94,259 *	3.10%
2019	16,522 **	1,557,347,198 ***	94,259 *	N/A

* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

*** - Latest available population data (2018) and latest available Morris County per capita personal income (2017) was used for calculation purposes.

N/A - Information not available

Sources:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF MADISON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2018	
	Employees	Percentage of Total Employment
US Army Armament R&D - (Picatinny Arsenal)	6,400	2.62%
Atlantic Health System	6,350	2.60%
Novartis	4,607	1.88%
Bayer	2,800	1.14%
ADP	2,242	0.92%
Wyndham Worldwide	1,907	0.78%
Accenture	1,883	0.77%
Honeywell	1,868	0.76%
Allergan	1,700	0.69%
St. Clare's Health System	1,544	0.63%
	31,301	12.79%
Total Employment	244,696	
Employer	2009	
	Employees	Percentage of Total Employment
Novartis	5,386	2.11%
US Army Armament R&D - (Picatinny Arsenal)	4,300	1.69%
Atlantic Health System	4,045	1.59%
County of Morris	2,007	0.79%
Lucent Technologies	1,983	0.78%
United Parcel Service	1,941	0.76%
Wyndham Worldwide	1,371	0.54%
Greystone Psychiatric	1,296	0.51%
Tiffany & Company	1,200	0.47%
Accenture	1,200	0.47%
	24,729	9.71%
Total Employment	254,678	

Source: County of Morris

BOROUGH OF MADISON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	179	171	140	142	152	152	161	167	168	169
Special Education	41	44	44	44	45	53	57	55	55	56
Other Special Instruction	32	32	30	29	30	30	26	40	58	59
Support Services:										
Student & Instruction Related Services	30	27	35	38	43	41	44	32	35	35
General Administrative Services	3	3	3	3	3	3	3	4	4	4
School Administrative Services	9	8	13	16	19	16	15	16	16	15
Central Services	5	5	17	18	17	20	20	19	6	5
Administration Information Technology	3	2	3	3	3	3	5	5	4	4
Plant Operations and Maintenance	30	33	22	24	22	25	27	28	31	29
Total	332	325	307	317	334	343	358	366	377	376

Source: District Personnel Records.

BOROUGH OF MADISON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio						Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage			
						Elementary		Middle		Central Avenue	Kings Road					Torey J. Sabatini	Madison Junior School	Madison High School
						13.9:1	9.7:1	10.1:1	10.8:1									
2010	2,275	\$ 37,786,387	16,609	0.82%	206	13.9:1	9.7:1	10.1:1	10.8:1	10.6:1	10.6:1	2,276	2,207	0.31%	96.97%			
2011	2,363	37,307,170	15,788	-4.95%	226	11.2:1	10.5:1	10.6:1	10.5:1	9.9:1	9.9:1	2,372	2,300	4.22%	96.96%			
2012	2,398	37,349,775	15,575	-1.35%	214	11.4:1	10.7:1	11.8:1	11.5:1	11.0:1	11.0:1	2,435	2,337	2.66%	95.98%			
2013	2,449	41,375,072	16,895	8.47%	215	10.9:1	11.2:1	12.2:1	11.1:1	11.7:1	11.7:1	2,417	2,316	-0.74%	95.82%			
2014	2,503	39,949,825	15,961	-5.53%	227	11.0:1	9.2:1	12.0:1	11.2:1	11.3:1	11.3:1	2,509	2,410	3.81%	96.05%			
2015	2,524	44,367,335	17,578	10.13%	235	9.2:1	9.9:1	11.0:1	10.0:1	10.9:1	10.9:1	2,528	2,424	0.76%	95.89%			
2016	2,565	46,073,494	17,962	2.19%	244	9.8:1	9.6:1	11.1:1	11.9:1	11.2:1	11.2:1	2,568	2,464	1.58%	95.95%			
2017	2,600	48,283,202	18,570	3.39%	262	8.2:1	7.8:1	10.8:1	10.6:1	11.7:1	11.7:1	2,607	2,492	1.52%	95.59%			
2018	2,603	50,050,853	19,228	3.54%	281	7.1:1	7.2:1	10.1:1	10.8:1	10.9:1	10.9:1	2,620	2,488	0.50%	94.96%			
2019	2,597	53,320,934	20,532	6.78%	284	6.5:1	8.0:1	10.1:1	10.6:1	10.7:1	10.7:1	2,629	2,504	0.34%	95.25%			

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil and may be different from other cost per pupil calculations.

c - Teaching staff includes only full-time equivalents of certificated staff.

d - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Borough of Madison School District records.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
Green Village Road School (1948)*										
Square Feet	26,159	26,159	26,159	26,159	26,159	26,159	*			
Central Avenue School (1910)										
Square Feet	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	487	516	485	501	505	480	488	502	499	489
Kings Road School (1948)										
Square Feet	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	243	251	277	290	281	286	286	311	310	311
Torey J. Sabatini School (1969)										
Square Feet	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	262	275	301	313	333	343	337	323	332	314
Madison Junior School (1926)										
Square Feet	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	531	538	547	536	548	589	610	635	624	617
Madison High School (1958)										
Square Feet	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	752	783	788	809	836	826	844	829	838	866
Board Office										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

Number of Schools at June 30, 2017

- Elementary = 3
- Middle School = 1
- High School = 1
- Other = 1

* - The sale of the Green Village Road School was completed during the 2015-16 fiscal year.

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Madison School District Board Office.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2010	2011	2012	2013	2014
Central Avenue	N/A	\$ 171,947	\$ 107,515	\$ 147,287	\$ 135,480	\$ 109,524
Kings Road	N/A	112,964	109,838	113,441	97,887	79,133
Torey J. Sabatini	N/A	137,849	111,560	127,975	117,715	95,163
Junior School	N/A	255,381	187,384	233,629	214,884	173,716
High School	N/A	399,895	278,990	362,745	331,254	267,790
Total School Facilities		<u>1,078,036</u>	<u>795,287</u>	<u>985,077</u>	<u>897,220</u>	<u>725,326</u>
Grand Total		<u>\$ 1,078,036</u>	<u>\$ 795,287</u>	<u>\$ 985,077</u>	<u>\$ 897,220</u>	<u>\$ 725,326</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2015	2016	2017	2018	2019
Central Avenue	N/A	\$ 200,355	\$ 279,273	\$ 452,058	\$ 272,277	\$ 258,915
Kings Road	N/A	144,760	201,779	326,619	236,574	187,071
Torey J. Sabatini	N/A	174,083	242,653	392,781	431,857	224,965
Junior School	N/A	317,782	442,952	717,005	196,725	410,664
High School	N/A	489,875	682,831	1,105,296	665,727	638,046
Total School Facilities		<u>1,326,855</u>	<u>1,849,488</u>	<u>2,993,759</u>	<u>1,803,160</u>	<u>1,719,661</u>
Grand Total		<u>\$ 1,326,855</u>	<u>\$ 1,849,488</u>	<u>\$ 2,993,759</u>	<u>\$ 1,803,160</u>	<u>\$ 1,719,661</u>

N/A - Not Applicable.

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Borough of Madison School District records.

BOROUGH OF MADISON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 250,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	5,000,000	
Automobile Liability	5,000,000	
Employee Benefit Liability	5,000,000	1,000
<u>EXCESS LIABILITY:</u>		
Excludes School Board Legal Liability	5,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	100,000	1,000
Per Loss Aggregate Limit	400,000	
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
Chartis:		
<u>SCHOOL BOARD LEGAL LIABILITY</u>	5,000,000	10,000
<u>EXCESS SCHOOL BOARD LEGAL LIABILITY</u>	5,000,000	
ACE American Insurance Company:		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
Morris Essex Insurance Group:		
<u>WORKERS' COMPENSATION:</u>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
Selective Insurance Company:		
Public Employees' Faithful Performance Blanket Position Bond -		
School Business Administrator/Board Secretary	250,000	
Treasurer	265,000	
Accountant	25,000	

Source: Borough of Madison School District records.

SINGLE AUDIT SECTION



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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*

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Madison School District
 County of Morris, New Jersey

We have audited, in accordance with the 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 and the audit requirements 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 Board of Education of the Borough of Madison School District as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.

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The Honorable President and Members
of the Board of Education
Borough of Madison School District
Page 2

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 8, 2019

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Madison School District
 County of Morris, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Madison 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 District's major federal and state programs for the fiscal year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB 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 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 District's compliance.

The Honorable President and Members
of the Board of Education
Borough of Madison School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the 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 fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the 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 District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 8, 2019

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Encum- brances	Balance at June 30, 2019	
				Budgetary Accounts Receivable	Due to Grantor				Budgetary Accounts Receivable	Due to Grantor
<u>U.S. Department of Agriculture:</u>										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
10.555	N/A	7/1/17-6/30/18	\$ 8,541		\$ 8,541					
10.555	N/A	7/1/18-6/30/19	89,301		82,330		(8,541)			
10.555	N/A	7/1/17-6/30/18	88,698	\$ (4,930)	4,930		(89,301)		\$ (6,971)	
10.555	N/A	7/1/16-6/30/17	79,106	(4,885)					(4,885)	
10.553	N/A	7/1/18-6/30/19	138		124		(138)		(14)	
10.553	N/A	7/1/17-6/30/18	263	(19)	19				(81)	
10.582	N/A	7/1/16-6/30/17	1,294	(81)	95,944		(97,980)		(11,951)	
				(9,915)						
				(9,915)	95,944		(97,980)		(11,951)	
<u>Total U.S. Department of Agriculture</u>										
<u>U.S. Department of Education:</u>										
<u>Special Revenue Fund:</u>										
Passed-through State Department of Education:										
Elementary and Secondary Education Act:										
84.010	ESEA287019	7/1/18-6/30/19	70,182		54,841		(70,144)		(13,303)	
84.010	ESEA287018	7/1/17-6/30/18	69,942	(5,516)	5,516				(13,303)	
				(5,516)			(70,144)		(8,350)	
84.367	ESEA287019	7/1/18-6/30/19	60,147		51,303		(59,653)			
84.367	ESEA287018	7/1/17-6/30/18	70,468	(20,012)	20,012				(8,350)	
				(20,012)			(59,653)		(5,956)	
84.365	ESEA287019	7/1/18-6/30/19	19,981	(6,660)	6,660		(17,710)			
84.365	ESEA287018	7/1/17-6/30/18	20,275		11,754					
84.365	ESEA287017	7/1/16-6/30/17	21,723							
				(6,660)						
84.365	ESEA287019	7/1/18-6/30/19	11,593	(6,660)	18,414		(17,710)		(5,956)	4,617
84.365	ESEA287018	7/1/17-6/30/18	7,970	(189)	4,721		(11,592)		(6,871)	
84.365	ESEA287017	7/1/16-6/30/17	5,612		189					
				(189)						
				(189)	3,206					3,206
84.424	ESEA287019	7/1/18-6/30/19	18,550	(189)	4,910		(11,592)		(6,871)	3,206
84.424	ESEA287018	7/1/17-6/30/18	10,000		7,932		(18,328)		(10,396)	
				(1,450)	1,450					
				(1,450)			(18,328)		(10,396)	
					9,382					
<u>Total Title IV</u>										
<u>Special Education Cluster (IDEA):</u>										
84.027	IDEA287019	7/1/18-6/30/19	591,924		465,721		(591,924)		(126,203)	
84.027	IDEA287018	7/1/17-6/30/18	638,505	(68,817)	68,730			\$ 87		
84.027	IDEA287017	7/1/16-6/30/17	630,221		17,578					17,578
84.173	IDEA287019	7/1/18-6/30/19	18,885		18,885		(18,885)			
				(68,817)	553,336		(610,809)		(126,203)	
				(102,644)	25,401		(788,236)		(173,079)	25,401
				(102,644)	25,401		(788,236)		(173,079)	25,401
<u>Total U.S. Department of Education</u>										

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Encum- brances	Balance at June 30, 2019		
					Budgetary Accounts Receivable	Due to Grantor				Budgetary Accounts Receivable	Due to Grantor	
U.S. Department of Health and Human Services:												
Medicaid Cluster:												
Medicaid Assistance Program	93.778	N/A	7/1/18-6/30/19	\$ 2,402			\$ 2,402	\$ (2,402)				
Medicaid Assistance Program	93.778	N/A	7/1/17-6/30/18	304			304	(304)				
Total U.S. Department of Health and Human Services/Total Medicaid Cluster												
U.S. Department of Homeland Security:												
Passed-through State Department of Law and Public Safety:												
Disaster Grants - Public Assistance - FEMA	97.036	N/A	1/23/16-6/30/16	66,688			66,688	(66,688) *				
Winterstorm Jonas							66,688	(66,688)				
Total U.S. Department of Homeland Security												
Total Federal Awards												
					\$ (112,559)	\$ 25,401	\$ 883,052	\$ (955,610)	\$ 87	\$ (185,030)	\$ 25,401	
											\$ -0-	

N/A - Not Available/Applicable
* - Expended in prior year(s)

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Project Number	Grant or State Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at		MEMO	
				June 30, 2018	June 30, 2019				GAAP Accounts Receivable	Due to Grantor		Budgetary Receivable
State Department of Education:												
General Fund State Aid:												
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 255,898	\$	\$ 231,326	\$ (255,898)				\$ (24,572)	\$ 255,898	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,062,247		960,247	(1,062,247)				(102,000)	1,062,247	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	205,379		185,658	(205,379)				(19,721)	205,379	
Extraordinary Special Education Costs Aid	19-100-034-5120-473	7/1/18-6/30/19	125,594			(125,594)			\$ (125,594)	(125,594)	125,594	
Excess Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	54,724			(54,724)			(54,724)	(54,724)	54,724	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,497,759		1,348,143	(1,497,759)			(149,616)	(149,616)	1,497,759	
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	1,747,420		1,747,420	(1,747,420)					1,747,420	
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	3,773,365		3,773,365	(3,773,365)					3,773,365	
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	78,986		78,986	(78,986)					78,986	
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	4,418		4,418	(4,418)					4,418	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	60,229	\$ (5,597)	5,597						60,229	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	956,746	(88,914)	88,914						956,746	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	43,615	(4,053)	4,053						43,615	
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	23,800	(2,212)	2,212						23,800	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	23,800	(2,212)	2,212						23,800	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	24,240	(2,253)	2,253						24,240	
Extraordinary Special Education Costs Aid	18-100-034-5120-473	7/1/17-6/30/18	71,606	(71,328)	71,606	(278)					71,606	
Excess Nonpublic Transportation Costs	18-495-034-5120-014	7/1/17-6/30/18	47,749	(47,749)	47,749						47,749	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	1,417,056	(70,371)	70,371						1,417,056	
Subtotal - General Fund				(294,689)	8,624,530	(8,806,068)			(329,934)	(476,227)	11,474,631	
Debt Service Fund Aid:												
Debt Service Aid - State Support	19-495-034-5120-075	7/1/18-6/30/19	539,322		539,322	(539,322)					539,322	
Subtotal - Debt Service Fund					539,322	(539,322)					539,322	
State Department of Education:												
Food Service Fund:												
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	5,329		4,905	(5,329)			(424)	(424)	5,329	
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	5,372	(298)	298						5,372	
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	4,302	(278)					(278)	(278)	4,302	
Subtotal - Food Service Fund				(576)	5,203	(5,329)			(702)	(702)	17,278	
NJ Schools Development Authority:												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act:												
Madison High School Partial Roof	2870-050-14-1004	2/2/17-3/21/19	416,377		416,377	(416,377)					416,377	
Madison Junior School Partial Roof	2870-050-14-1008	2/2/17-3/21/19	149,182		149,182	(149,182)					149,182	
Madison Junior School Boiler Replacement	2870-050-14-1009	2/2/17-3/21/19	31,172		31,172	(31,172)					31,172	
Central Avenue School Boiler Replacement	2870-060-14-1005	7/28/16-3/21/19	119,829		119,829	(119,829)					119,829	
Kings Road School Partial Roof	2870-060-14-1007	7/28/16-3/21/19	251,556		251,556	(251,556)					251,556	
Total NJ Schools Development Authority					968,116	(968,116)					968,116	

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	
Special Revenue Fund Aid:											
Nonpublic Auxiliary Services:											
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	\$ 11,844	\$ 11,844	\$ 11,844	\$ (9,306)	\$ (3,189)	\$ 2,538	\$ 9,306	\$	24,425
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	10,630	3,189	6,767						23,710
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	-0-								12,499
Nonpublic Handicapped Services:											
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	25,216	25,216	25,216	(24,425)	(872)	791	24,425		32,578
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	24,582	872	21,427						18,927
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	21,427								30,033
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	22,410	3,483	38,767						32,578
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	38,767								20,719
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	32,579	1	21,039						22,276
Examination and Classification	19-100-034-5120-064	7/1/18-6/30/19	21,039								38,218
N.J. Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	22,569	293	38,218						13,968
N.J. Nonpublic Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	38,218								59,420
N.J. Nonpublic Nursing Aid	19-100-034-5120-373	7/1/18-6/30/19	13,968		61,050						30,681
N.J. Nonpublic Technology Initiative	19-100-034-5120-509	7/1/18-6/30/19	61,050								29,708
N.J. Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	30,900	219	231,529						384,165
N.J. Nonpublic Security Aid											
Subtotal - Special Revenue Fund				14,824	231,529	(208,588)	(8,057)	29,708	(330,636)	(476,929)	12,415,396
Total State Department of Education				\$ (295,265)	14,824	9,400,584	(9,559,307)	(8,057)	\$ (330,636)	\$ (476,929)	\$ 13,383,512
Total State Awards				\$ (295,265)	14,824	10,368,700	(10,527,423)	(8,057)	\$ (330,636)	\$ (476,929)	\$ 13,383,512

Less: State Awards Not Subject to Single Audit Major Program Determination

On-Behalf TPAF Pension System Contributions:

On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	(1,747,420)								
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	(3,773,365)								
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(78,986)								
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(4,418)								

Subtotal - On-Behalf TPAF Pension System Contributions

Total State Awards Subject to Single Audit Major Program Determination

				5,604,189							
				\$ (4,923,234)							

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Madison School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 fiscal 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 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 these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent fiscal 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 revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$41,052) for the general fund and \$1,611 for the special revenue fund (which does not include net local grant encumbrances of \$4,907). See Exhibit C-3 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 revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 69,394	\$ 9,733,132	\$ 9,802,526
Special Revenue Fund	794,754	208,588	1,003,342
Debt Service Fund		539,322	539,322
Proprietary Fund	<u>97,980</u>	<u>5,329</u>	<u>103,309</u>
Total Awards	<u>\$ 962,128</u>	<u>\$ 10,486,371</u>	<u>\$ 11,448,499</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded five grants in the amount of \$968,116 in the Capital Projects Fund from the New Jersey School Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2019, five of the projects are completed. As of June 30, 2019, \$968,116 of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures, if any, reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal or state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's federal and state programs tested as major programs for the current fiscal year were the following:

	<u>State Grant Number/ C.F.D.A. Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	\$ 1,497,759	\$ 1,497,759
Educational Facilities Construction and Financing Act:				
Madison High School Partial Roof	2870-050-14-1004	2/2/17-3/21/19	416,377	416,377
Madison Junior School Partial Roof	2870-050-14-1008	2/2/17-3/21/19	149,182	149,182
Madison Junior School Boiler Replacement	2870-050-14-1009	2/2/17-3/21/19	31,172	31,172
Central Avenue School Boiler Replacement	2870-060-14-1005	7/28/16-3/21/19	119,829	119,829
Kings Road School Partial Roof	2870-060-14-1007	7/28/16-3/21/19	251,556	251,556

Federal:

Special Education Cluster:

I.D.E.A. Part B:

Basic Regular	84.027	7/1/18-6/30/19	591,924	591,924
Preschool	84.173	7/1/18-6/30/19	18,885	18,885

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold used for distinguishing between both state and federal Type A and Type B programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

BOROUGH OF MADISON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.