

**Comprehensive Annual
Financial Report**

of the

Borough of Middlesex Board of Education

County of Middlesex

Middlesex, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Borough of Middlesex, Board of Education
Finance Department**

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INTRODUCTORY SECTION

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
300 JOHN F. KENNEDY DRIVE
MIDDLESEX, NJ 08846**

Frederick D. Williams, Ed.D.
Superintendent of Schools

Michele A. Loree
Business Administrator/
Board Secretary

December 21, 2020

Honorable President and Members of the Board of Education
Borough of Middlesex School District
300 John F. Kennedy Drive
Middlesex, NJ 08846

Dear Members of the Middlesex Board of Education:

The comprehensive annual financial report of the Middlesex Borough School District (the "District") for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Middlesex Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 five sections: introductory, financial, basic financial statements, required supplementary information, and other supplementary information. The introductory section includes this transmittal letter, the roster of officials, consultants and advisors, and the District's organizational chart. The financial section includes the independent auditor's report and the management's discussion and analysis. The basic financial statements include the district-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information reports on budget comparisons for the general and special revenue funds. The other supplementary information consists of various financial statements, statistical information and single audit. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, 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 OMB Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Borough of Middlesex School District is an independent reporting entity within the criteria adopted by the Financial Accounting Standard Board ("FASB") as established by Governmental Accounting Standard Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Middlesex 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 Kindergarten through twelve, as well as education for children with special needs to grades pre-school through Age 21. The District completed the 2019-20 fiscal year with an average daily enrollment of 2,076 students, which is an increase of 2 students from the previous year's

Honorable President and Members of
the Board of Education
Borough of Middlesex School District
December 21, 2020

grades pre-school through Age 21. The District completed the 2019-20 fiscal year with an average daily enrollment of 2,076 students, which is an increase of 2 students from the previous year’s average enrollment. The following details the changes in the average student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2019-2020	2,076	0.09%
2018-2019	2,074	-0.38%
2017-2018	2,082	0.00%
2016-2017	2,082	0.92%
2015-2016	2,063	-0.77%
2014-2015	2,071	-1.42%
2013-2014	2,109	-1.91%
2012-2013	2,150	-0.19%
2011-2012	2,154	2.09%
2010-2011	2,110	-.028%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Middlesex has not experienced any significant population increase or increase in business and industry.

3. MAJOR INITIATIVES: The Middlesex Borough Public School system is comprised of five schools: three elementary (which may include PreK-3), one middle school (4–8), and one high school (9-12). The District is committed to continue to make improvements to the facilities to ensure a safe and secure environment for students, staff and the community. During the 2019-2020 school year we completed the Middlesex High School foods room which was essential as we move towards a Career and Technical Education Program in Culinary Arts. We also finished the Parker Elementary School boiler plant replacement. Replacement of unit ventilators and various heating, air conditioning and indoor air quality improvements were completed at Von E. Mauger Middle School. At Watchung Elementary School the main sewer line was replaced.

We continually review and revise the instructional programs to align with the NJ Student Learning Standards in order to prepare our students for college and career. Curricular material was purchased to support the instructional program as we continued the implementation of the one-to-one Chromebook initiative. We maintained our Tier 3 interventions which include a Reading Specialist and a Reading Recovery program at one of our three primary schools, continued support of Tier 3 intervention for mathematics, and added a Reading Specialist at the middle school to service grades 4-8. We continued supporting our gifted and talented program, STEM initiatives, and the middle school “Maker Space,” in which students explore science, math and technology as they create using Legos, Little Bits, technology enhanced resources, and a 3D printer. Due to the effects of Covid-19, our school district pivoted to a virtual-learning model for the fourth

Honorable President and Members of
the Board of Education
Borough of Middlesex School District
December 21, 2020

marking period. In support of this, we utilized federal and local money to purchase hotspots, licenses and subscriptions, and PPE to support students and staff.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure 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 structure. This includes that portion related to federal and state financial assistance programs, as well as determining that the district has complied with applicable laws and regulations.

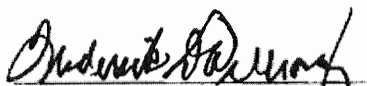
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated 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 project fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.
7. DEBT ADMINISTRATION: The District passed a \$10-million-dollar bond referendum in December 1997, in order to satisfy physical needs of its facilities that were identified in a 1994 needs assessment survey. Information related to the District's outstanding debt is recorded in the long-term debt schedules of the comprehensive annual financial report.

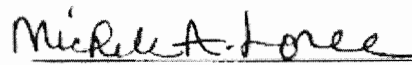
Honorable President and Members of
the Board of Education
Borough of Middlesex School District
December 21, 2020

In June of 2005 the District refinanced the bonds which resulted in savings of future interest payments of the life of the outstanding debt. The opportunity arose again to refinance the debt, and in January 2015 this debt was refinanced and has saved the district an average of \$50,000 a year on debt service for the next seven years.

8. CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. 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 Government 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.
9. RISK MANAGEMENT: The District 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.
10. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company, 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 the Single Audit Act of 1996, 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 OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit section of this report.
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Borough of Middlesex Board of Education 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 our financial and accounting staff.

Respectfully submitted,


Frederick D. Williams, Ed.D.
Superintendent of Schools


Michele A. Loree
Business Administrator/Board Secretary

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
ROSTER OF OFFICIAL
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Valerie DiNizio, President	2022
Kelly Giordano, Vice President	2021
William Coyle	2020
Jeannette DeJesus	2021
Linda Harrity	2021
John R. Hrevnack, Ed.D.	2021
Michael McGinley	2022
Sharon San Phillips	2020
Sharon Schueler	2020

Other Officials

Dr. Frederick D. Williams, Superintendent of Schools
Dr. Paul Rafalowski, Assistant Superintendent
Michele A. Loree, Business Administrator/Board Secretary
John Kayser, Treasurer of School Monies

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
JUNE 30, 2020**

Architect

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Audit Firm

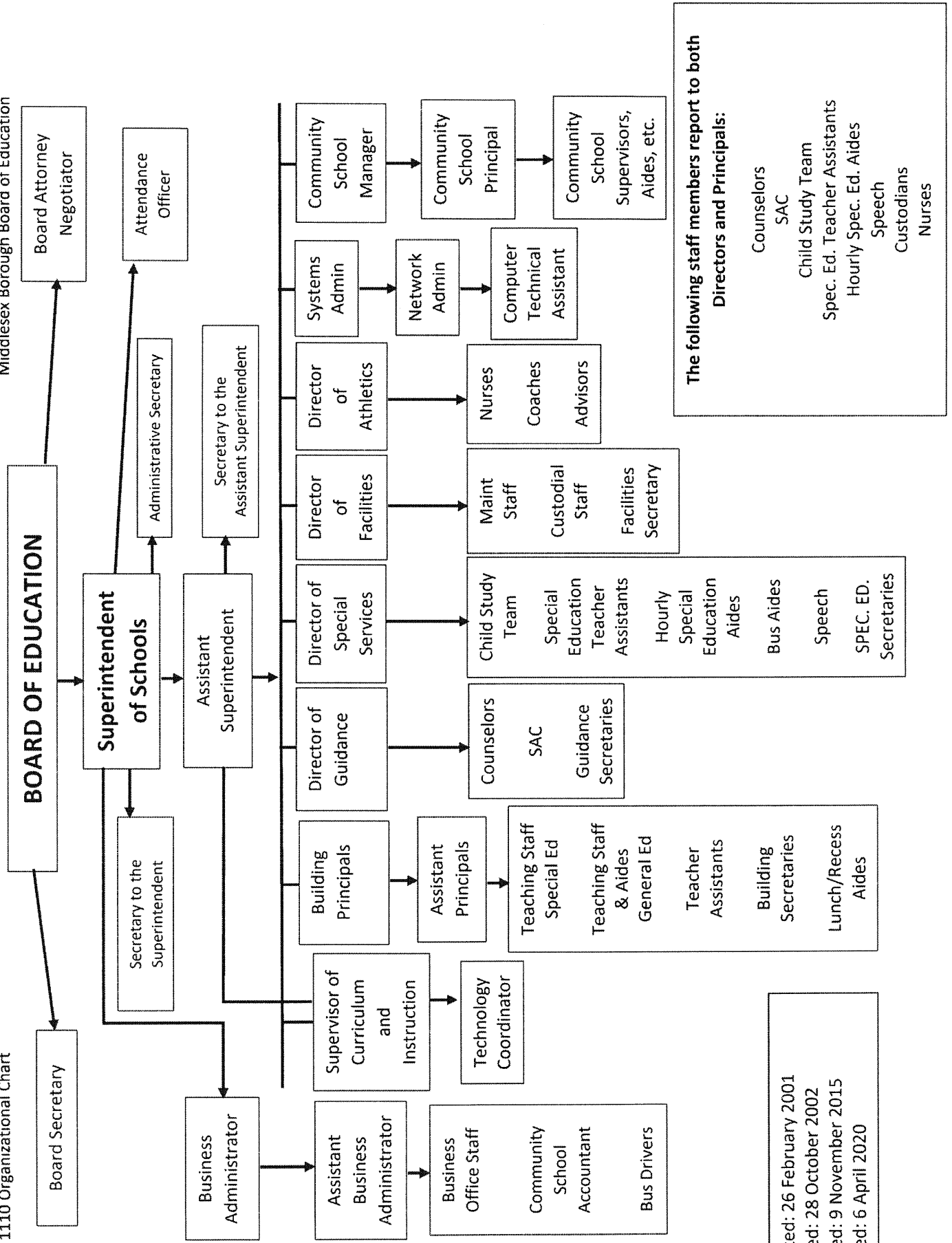
Suplee, Clooney & Company
308 East Broad Street
Westfield, New Jersey 07090

Attorney

Busch Law Group
402 Main Street
Metuchen, New Jersey 08840

Official Depository

TD Bank, N.A.
1701 Route 70 East
Cherry Hill, NJ 08034



The following staff members report to both Directors and Principals:

- Counselors SAC
- Child Study Team
- Spec. Ed. Teacher Assistants
- Hourly Spec. Ed. Aides
- Speech
- Custodians
- Nurses

Adopted: 26 February 2001
 Revised: 28 October 2002
 Revised: 9 November 2015
 Revised: 6 April 2020

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Middlesex School District
County of Middlesex
Middlesex, New Jersey 08846

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 Borough of Middlesex School District, in the County of Middlesex, State of New Jersey (the "District") as of and for the year ended June 30, 2020, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

Opinion

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 District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 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.

SUPLEE, CLOONEY & COMPANY

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 supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 December 21, 2020 on our consideration of the Borough of Middlesex School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 21, 2020

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS -
UNAUDITED**

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
UNAUDITED**

This section of the Borough of Middlesex School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is presented in the MD&A.

Financial Highlights

- At the district-wide financial statements, revenue from governmental activities accounted for \$46,384,190.18 or 97.66 percent of total school district revenue. The other 2.34 percent of revenue was generated by the business type activities.
- The Board of Education transferred \$250,000.00 by resolution at year end into the maintenance reserve fund creating a balance of \$503,300.00 for future maintenance and transferred \$1,750,000.00 by resolution at year end into the capital reserve fund creating a balance of \$2,372,531.47 for future capital projects.
- Debt Service for bonds payable decreased 34.21% in 2019-2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary Government-Wide Financial Statements

District-Wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
UNAUDITED**

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The District maintains three funds types:

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

Proprietary funds. The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program and community school program.

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Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District utilizes trust funds to account for its unemployment compensation insurance fund and private purpose scholarship fund. The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements.

**Financial Highlights
District-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$15,937,835.69 at the close of fiscal year 2020. The majority of this is net investment in capital assets. The overall change in net position was \$1,974,714.90.

Key financial Highlights for the 2019-2020 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2020.
- The state aid to the District increased by \$689,218.00 for the 2019-2020 fiscal year.
- The District used \$108,200.00 of capital reserve funds in the 2019-2020 budget towards capital projects and put \$168,450.34 of unused funds back into capital reserve for completed capital projects.

The following table provides a summary of net position at June 30, 2020 and 2019 relating to the District's governmental and business-type activities:

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Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 below reflects the District's net position as a whole. Table 2 reflects the changes in net position from operating results.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	Change
Current and Other Assets	\$5,584,139.73	\$6,130,330.87	\$456,961.85	\$621,074.33	\$6,041,101.58	\$6,751,405.20	-10.52%
Capital Assets	26,961,602.39	26,847,232.47	286,407.29	308,453.33	27,248,009.68	27,155,685.80	0.34%
Total Assets	32,545,742.12	32,977,563.34	743,369.14	929,527.66	33,289,111.26	33,907,091.00	-1.82%
Deferred Outflows: Related to pensions	2,282,820.00	3,054,442.00			2,282,820.00	3,054,442.00	-25.26%
Long-Term Liabilities	14,205,674.35	15,761,523.57			14,205,674.35	15,761,523.57	-9.87%
Short-Term Liabilities	1,728,783.47	3,391,463.08	49,523.75	150,285.56	1,778,307.22	3,541,748.64	-49.79%
Total Liabilities	15,934,457.82	19,152,986.65	49,523.75	150,285.56	15,983,981.57	19,303,272.21	-17.20%
Deferred Inflows: Related to pensions	3,650,114.00	3,695,140.00			3,650,114.00	3,695,140.00	-1.22%
Net Position:							
Net Investment in Capital Assets	20,546,566.25	19,514,970.20	286,407.29	308,453.33	20,832,973.54	19,823,423.53	5.09%
Restricted	5,255,916.38	4,030,190.79			5,255,916.38	4,030,190.79	30.41%
Unrestricted (Deficit)	(10,558,492.33)	(10,361,282.30)	407,438.10	470,788.77	(10,151,054.23)	(9,890,493.53)	2.63%
Total Net Position	\$15,243,990.30	\$13,183,878.69	\$693,845.39	\$779,242.10	\$15,937,835.69	\$13,963,120.79	14.14%

The largest portion of the District's net position is its net investment in capital assets. Restricted net positions include those items that are subject to external restrictions (e.g. for capital projects, capital and maintenance reserves and excess fund balance in the general fund).

Current and other assets remained relatively the same from the prior fiscal year. Total liabilities decreased as the net pension liability decreased as well as other debt such as bonds payable and capital lease purchases payable. Unrestricted net position remained about the same from fiscal year 2019 to fiscal year 2020 and is a large deficit due to the implementation of GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2018.

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**Table 2
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenue:						
Program Revenue:						
Charges for Services			\$759,370.05	\$1,049,238.17	\$759,370.05	\$1,049,238.17
Operating Grants and Contributions	\$9,395,675.93	\$12,283,607.03	350,690.50	432,797.63	9,746,366.43	12,716,404.66
General Revenue:						
Property Taxes	25,948,909.00	25,209,565.00			25,948,909.00	25,209,565.00
Federal and State Aid	10,611,458.38	9,781,534.03			10,611,458.38	9,781,534.03
Other	428,146.87	321,137.49	1,778.36	1,943.03	429,925.23	323,080.52
Total Revenue	46,384,190.18	47,595,843.55	1,111,838.91	1,483,978.83	47,496,029.09	49,079,822.38
Expenses:						
Instruction	26,822,311.59	29,232,781.32			26,822,311.59	29,232,781.32
Student & Instructional Support Services	6,452,679.39	7,033,187.63			6,452,679.39	7,033,187.63
Administrative, Central and Technology	5,125,501.34	4,921,664.57			5,125,501.34	4,921,664.57
Maintenance & Operations	3,664,384.57	3,911,197.36			3,664,384.57	3,911,197.36
Transportation	986,175.18	1,091,738.56			986,175.18	1,091,738.56
Other	1,207,821.66	1,214,734.98	1,166,903.78	1,359,865.14	2,374,725.44	2,574,600.12
Total Expenses	44,258,873.73	47,405,304.42	1,166,903.78	1,359,865.14	45,425,777.51	48,765,169.56
Contributed / Disposal of Capital Assets	(331.84)	35,677.19	(331.84)		(663.68)	35,677.19
Canceled Receivables	(94,873.00)				(94,873.00)	
Transfer	30,000.00	50,000.00	(30,000.00)	(50,000.00)		
Increase/(Decrease) in Net Position	\$2,060,111.61	\$276,216.33	(\$85,396.71)	\$74,113.69	\$1,974,714.90	\$350,330.02

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Sources of Revenue

The District's total revenue for the 2019-2020 school year was \$47,496,029.09 as reflected in Table 3 below. Property taxes accounted for 54.63 percent of the total revenue with the other 45.37 percent consisting of state and federal aid, grants, charges for services, and miscellaneous sources.

**Table 3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$25,948,909.00	54.63%	\$25,209,565.00	51.36%
State and Federal Aid	19,466,991.99	40.99%	21,581,490.19	43.97%
Federal and State Grants	869,188.20	1.83%	895,463.00	1.82%
Charges for Services	759,370.05	1.60%	1,049,238.17	2.14%
Other	451,569.85	0.95%	344,066.02	0.71%
	<u>\$47,496,029.09</u>	<u>100.00%</u>	<u>\$49,079,822.38</u>	<u>100.00%</u>

The increase in property taxes of \$739,344.00 is a 2.9% increase allowed under current state regulations.

The decrease of \$2,114,498.20 in federal and state aid is mainly due to an increase in the categorical state aid along with a larger decrease in the actuarial postemployment and pension liability paid by the State on behalf of the District.

The decrease in federal and state grants of \$26,274.80 is due to a slight decrease in expenditures funded from the federal Every Student Succeeds Act.

Charges for services decreased due to the closing of the school because of the pandemic, resulting in less participation in the cafeteria, community school programs and building rental fees.

The other category increased due to an increase in refunds of prior year expenses.

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Expenses for the Fiscal Year 2020 and 2019

The total expenditures for the 2019-2020 fiscal year for all programs and services were \$45,425,777.51. Table 4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 75.42 percent of the total District costs. Administrative and central and technology expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, the Technology Office, and the Principal's Offices in all five school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the new accounting reporting model; expenses therefore include \$1,260,290.93 for depreciation.

**Table 4
Expenses for Fiscal Year 2020 and 2019**

<u>Expense Category</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$26,822,311.59	59.05%	\$29,232,781.32	59.95%
Student and Instruction Services	6,452,679.39	14.20%	7,033,187.63	14.42%
Administrative, Central and Technology	5,125,501.34	11.28%	4,921,664.57	10.09%
Maintenance and Operations	3,664,384.57	8.07%	3,911,197.36	8.02%
Transportation	986,175.18	2.17%	1,091,738.56	2.24%
Other	2,374,725.44	5.23%	2,574,600.12	5.28%
	<u>\$45,425,777.51</u>	<u>100.00%</u>	<u>\$48,765,169.56</u>	<u>100.00%</u>

Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student & instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

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**Table 5
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$20,107,485.10	57.68%	\$20,146,683.72	57.36%
Student & Instruction Services	4,888,264.00	14.02%	4,960,710.40	14.12%
Administrative, Central and Technology	4,342,099.29	12.45%	4,129,664.36	11.76%
Maintenance & Operations	3,664,384.57	10.51%	3,911,197.36	11.14%
Transportation	653,143.18	1.87%	758,706.56	2.16%
Other	1,207,821.66	3.47%	1,214,734.98	3.46%
	<u>\$34,863,197.80</u>	<u>100.00%</u>	<u>\$35,121,697.38</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the general fund. During the fiscal year there were differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts.

Expenditures

The actual amounts expended for instruction and student related services decreased from the prior year along with transportation costs due to the pandemic and the closing of schools prior to year-end. Tuition to private schools and regular day schools saw an increase as more students were enrolled in outside of the district schools to meet their individual educational needs. Maintenance and operations decreased due to schools closing as a result of the pandemic.

Revenues

Excluding the change in the state pension, revenues overall saw a small increase from the prior year. State aids increased over the prior fiscal year while various tuitions from individuals and other lea's decreased slightly along with charges for services in the cafeteria and community school due to the pandemic.

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Capital Assets

During the fiscal year 2019-2020 the District had limited capital acquisitions and construction projects therefore capital assets net of depreciation decreased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table 6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>Change</u>
Land and Site Improvements	\$933,402.29	\$1,024,033.25			\$933,402.29	\$1,024,033.25	-8.85%
Building and Building Improvements	24,325,329.50	24,828,521.72			24,325,329.50	24,828,521.72	-2.03%
Construction in Progress	1,103,476.77	480,618.00			1,103,476.77		100.00%
Machinery and Equipment	599,393.83	514,059.50	\$286,407.29	\$308,453.33	885,801.12	822,512.83	7.69%
Total Assets	\$26,961,602.39	\$26,847,232.47	\$286,407.29	\$308,453.33	\$27,248,009.68	\$26,675,067.80	2.15%

Debt Administration

At June 30, 2020 the District had \$15,231,170.28 of outstanding long-term liabilities, consisting of bonds payable, unamortized bond premium, compensated absences, lease purchase agreements and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding liabilities for the past two fiscal years. More information of the District's long-term liabilities is presented in Note 4 to the financial statements.

**Table 7
Outstanding Long-term Liabilities**

	Total School Debt		Total Percentage Change
	<u>FY 2020</u>	<u>FY 2019</u>	
Lease Purchase Agreements	\$5,460,389.36	\$5,885,266.78	-7.22%
Compensated Absences	235,312.14	239,709.64	-1.83%
Bonds Payable	875,000.00	1,330,000.00	-34.21%
Net Pension Liability	8,580,822.00	9,152,316.00	-6.24%
Unamortized Bond Premium	79,646.78	116,995.49	-31.92%
	\$15,231,170.28	\$16,724,287.91	-8.93%

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The District's Future

The District is presently in stable financial position. A major concern for the community is that state aid has been flat or minimally increased; therefore, the burden of the rising cost of education is focused on taxpayers to support their local schools. Despite these concerns, the Borough of Middlesex School District is committed to maintaining fiscal responsibility as well as achieving educational excellence for all of the students of the District.

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 you have questions about this report or need additional financial information, contact Michele Loree, School Business Administrator/Board Secretary at the Middlesex Borough Board of Education, 300 John F. Kennedy Drive, Middlesex, New Jersey 08846 or email at loreem@middlesex.k12.nj.us.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$1,031,366.70	\$425,533.30	\$1,456,900.00
Receivables, net	1,676,941.56	17,291.09	1,694,232.65
Inventory		14,137.46	14,137.46
Restricted assets:			
Restricted cash and cash equivalents	2,875,831.47		2,875,831.47
Capital assets:			
Capital assets not being depreciated	1,147,815.77		1,147,815.77
Other capital assets, net	25,813,786.62	286,407.29	26,100,193.91
Total assets	<u>32,545,742.12</u>	<u>743,369.14</u>	<u>33,289,111.26</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	2,282,820.00		2,282,820.00
Total Deferred Outflows of Resources	<u>2,282,820.00</u>		<u>2,282,820.00</u>
LIABILITIES			
Accounts payable	681,342.88	18,782.06	700,124.94
Unearned revenue	14,652.99	30,741.69	45,394.68
Accrued interest payable	7,291.67		7,291.67
Noncurrent liabilities:			
Due within one year	1,025,495.93		1,025,495.93
Due beyond one year:			
Net pension liability	8,580,822.00		8,580,822.00
Compensated absences payable	235,312.14		235,312.14
Unamortized bond premium	79,646.78		79,646.78
Bonds and capital leases payable	5,309,893.43		5,309,893.43
Total liabilities	<u>15,934,457.82</u>	<u>49,523.75</u>	<u>15,983,981.57</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	3,650,114.00		3,650,114.00
Total Deferred Inflows of Resources	<u>3,650,114.00</u>		<u>3,650,114.00</u>
NET POSITION			
Net investment in capital assets	20,546,566.25	286,407.29	20,832,973.54
Restricted for:			
Capital projects fund	2,893,813.71		2,893,813.71
Other purposes	2,362,102.67		2,362,102.67
Unrestricted (deficit)	<u>(10,558,492.33)</u>	<u>407,438.10</u>	<u>(10,151,054.23)</u>
Total net position	<u>\$15,243,990.30</u>	<u>\$693,845.39</u>	<u>\$15,937,835.69</u>

The accompanying notes to the financial statements are an integral part of this statement.

MAJOR FUND FINANCIAL STATEMENTS

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS AND OTHER DEBITS:	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets:				
Cash and cash equivalents	\$284,226.66		\$747,140.04	\$1,031,366.70
Accounts receivable:				
Federal		\$217,710.20		217,710.20
State	507,441.66		835,519.00	1,342,960.66
Other	116,240.70	30.00		116,270.70
Interfund	1,178,076.71			1,178,076.71
Restricted cash and cash equivalents:				
Capital reserve account	2,372,531.47			2,372,531.47
Maintenance reserve account	503,300.00			503,300.00
Total assets	<u>\$4,961,817.20</u>	<u>\$217,740.20</u>	<u>\$1,582,659.04</u>	<u>\$6,762,216.44</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	103,861.58	87,087.30	500.00	191,448.88
Interfunds payable		121,222.49	1,056,854.22	1,178,076.71
Unearned revenue	1,200.00	9,430.41	4,022.58	14,652.99
Total liabilities	<u>105,061.58</u>	<u>217,740.20</u>	<u>1,061,376.80</u>	<u>1,384,178.58</u>
Fund balances:				
Restricted for:				
Capital reserve account	2,372,531.47			2,372,531.47
Maintenance reserve	503,300.00			503,300.00
Excess surplus designated for subsequent years expenditures	741,657.00			741,657.00
Excess surplus - current year	1,040,932.20			1,040,932.20
Capital projects fund			521,282.24	521,282.24
Assigned for year-end encumbrances	83,505.14			83,505.14
Unassigned:				
General fund	114,829.81			114,829.81
Total fund balances	<u>4,856,755.62</u>		<u>521,282.24</u>	<u>5,378,037.86</u>
Total liabilities and fund balances	<u>\$4,961,817.20</u>	<u>\$217,740.20</u>	<u>\$1,582,659.04</u>	

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
GOVERNMENTAL FUNDS
JUNE 30, 2020

Total Fund Balances (Brought Forward)		\$5,378,037.86
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$47,351,192.23	
Accumulated Depreciation	<u>(20,389,589.84)</u>	26,961,602.39
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net pension liability	(8,580,822.00)	
Serial bonds payable	(875,000.00)	
Original Issue Premium, net	(79,646.78)	
Capital leases / ESIP payable	(5,460,389.36)	
Compensated absences payable	<u>(235,312.14)</u>	(15,231,170.28)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related		2,282,820.00
Deferred Inflows:		
Pension related		(3,650,114.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension related	(489,894.00)	
Accrued Interest Payable	<u>(7,291.67)</u>	<u>(497,185.67)</u>
Net Position of Governmental Activities		<u><u>\$15,243,990.30</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$25,602,375.00			\$346,534.00	\$25,948,909.00
Tuition - Individual	45,750.00				45,750.00
Miscellaneous	340,422.43	\$21,644.62	\$4,625.73		366,692.78
Total revenues-local sources	<u>25,988,547.43</u>	<u>21,644.62</u>	<u>4,625.73</u>	<u>346,534.00</u>	<u>26,361,351.78</u>
State sources	16,349,755.11		92,877.12	161,666.00	16,604,298.23
Federal sources	41,471.26	869,188.20			910,659.46
Total revenues	<u>42,379,773.80</u>	<u>890,832.82</u>	<u>97,502.85</u>	<u>508,200.00</u>	<u>43,876,309.47</u>
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	10,218,997.20	232,403.94			10,451,401.14
Special education	3,597,448.69	510,305.60			4,107,754.29
Other instruction	1,286,148.09				1,286,148.09
Support services:					
Tuition	780,417.42				780,417.42
Student and instruction related services	3,853,006.28	130,258.25			3,983,264.53
General administrative services	905,738.24				905,738.24
School administrative services	1,882,575.63				1,882,575.63
Central services	503,059.49				503,059.49
Administration information technology	122,924.08				122,924.08
Plant operations and maintenance	3,138,679.97				3,138,679.97
Student transportation services	929,905.30				929,905.30
Employee benefits	12,446,165.64				12,446,165.64
Capital outlay	385,103.45	17,865.03	1,262,008.77		1,664,977.25
Debt service:					
Principal				455,000.00	455,000.00
Interest				53,200.00	53,200.00
Total expenditures	<u>40,050,169.48</u>	<u>890,832.82</u>	<u>1,262,008.77</u>	<u>508,200.00</u>	<u>42,711,211.07</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,329,604.32</u>		<u>(1,164,505.92)</u>		<u>1,165,098.40</u>
Other financing sources (uses):					
Operating transfers in	203,076.07		108,200.00		311,276.07
Operating transfers out	(108,200.00)		(173,076.07)		(281,276.07)
Canceled receivable			(94,873.00)		(94,873.00)
Lease purchase agreement			101,870.00		101,870.00
Total financing sources (uses):	<u>94,876.07</u>		<u>(57,879.07)</u>		<u>36,997.00</u>
Net change in fund balances	2,424,480.39		(1,222,384.99)		1,202,095.40
Fund balances, July 1, 2019	2,432,275.23		1,743,667.23		4,175,942.46
Fund balances, June 30, 2020	<u>\$4,856,755.62</u>	<u>\$-0-</u>	<u>\$521,282.24</u>	<u>\$-0-</u>	<u>\$5,378,037.86</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2) \$1,202,095.40

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	(\$1,234,645.73)	
Capital outlays	1,664,977.25	
Capital outlays not capitalized	<u>(315,629.76)</u>	114,701.76

Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets and is not reported in the statements of activities.

Paid - Principal on bonds		455,000.00
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Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds from capital lease purchase		(101,870.00)
Original issue premium on refunding bonds (net)		37,348.71

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Paid - Principal on lease purchase		526,747.42
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In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.

(331.84)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

3,791.66

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions	463,227.00	
Less: Pension expense	<u>(644,996.00)</u>	(181,769.00)

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

4,397.50

Change in net position of governmental activities

\$2,060,111.61

The accompanying notes to the financial statements are an integral part of this statement.

OTHER FUNDS

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

ASSETS:	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTAL</u>
Current assets:			
Cash and cash equivalents	\$263,318.32	\$162,214.98	\$425,533.30
Accounts receivable:			
State	2,395.54		2,395.54
Federal	8,497.28		8,497.28
Other	923.27	5,475.00	6,398.27
Inventories	14,137.46		14,137.46
Total current assets	<u>289,271.87</u>	<u>167,689.98</u>	<u>456,961.85</u>
Noncurrent assets			
Furniture, machinery & equipment	647,817.29		647,817.29
Less: Accumulated depreciation	<u>(361,410.00)</u>		<u>(361,410.00)</u>
Total noncurrent assets	<u>286,407.29</u>		<u>286,407.29</u>
TOTAL ASSETS	<u>575,679.16</u>	<u>167,689.98</u>	<u>743,369.14</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	18,782.06		18,782.06
Unearned revenue	<u>30,741.69</u>		<u>30,741.69</u>
Total current liabilities	<u>49,523.75</u>		<u>49,523.75</u>
NET POSITION:			
Net investment in capital assets	286,407.29		286,407.29
Unrestricted	<u>239,748.12</u>	<u>167,689.98</u>	<u>407,438.10</u>
TOTAL NET POSITION	<u>\$526,155.41</u>	<u>\$167,689.98</u>	<u>\$693,845.39</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$226,294.69		\$226,294.69
Daily sales non-reimbursable programs	123,760.00		123,760.00
Daily sales- other	4,041.63		4,041.63
Program fees		\$405,273.73	405,273.73
Total operating revenue	<u>354,096.32</u>	<u>405,273.73</u>	<u>759,370.05</u>
OPERATING EXPENSES:			
Salaries	236,311.72	379,765.14	616,076.86
Employee benefits and taxes	60,350.55	55,130.30	115,480.85
Other purchased services		15,023.11	15,023.11
Management fee	25,000.00		25,000.00
Supplies and materials	16,649.36	11,373.37	28,022.73
Repairs and other	42,786.48		42,786.48
Depreciation	25,645.20		25,645.20
Cost of food sales - reimbursable programs	273,860.55		273,860.55
Cost of food sales - non-reimbursable programs	25,008.00		25,008.00
Total operating expenses	<u>705,611.86</u>	<u>461,291.92</u>	<u>1,166,903.78</u>
Operating income (loss)	<u>(351,515.54)</u>	<u>(56,018.19)</u>	<u>(407,533.73)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	9,089.44		9,089.44
Federal sources:			
National school lunch program	230,891.52		230,891.52
National school breakfast program	42,388.19		42,388.19
National food distribution commodities	68,321.35		68,321.35
Interest earned		1,778.36	1,778.36
Total nonoperating revenues	<u>350,690.50</u>	<u>1,778.36</u>	<u>352,468.86</u>
Excess (deficiency) of revenues over (under) expenditures	(825.04)	(54,239.83)	(55,064.87)
Other financing sources (uses):			
Disposal of capital assets	(331.84)		(331.84)
Operating transfers out		(30,000.00)	(30,000.00)
Net income (loss)	(1,156.88)	(84,239.83)	(85,396.71)
Net position - July 1	<u>527,312.29</u>	<u>251,929.81</u>	<u>779,242.10</u>
Net position - June 30	<u>\$526,155.41</u>	<u>\$167,689.98</u>	<u>\$693,845.39</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Receipts from customers	\$367,760.29	\$344,451.73	\$712,212.02
Payments to employees	(233,602.32)	(379,765.14)	(613,367.46)
Payments for employee benefits	(59,652.10)	(55,130.30)	(114,782.40)
Payments to suppliers	(418,512.19)	(81,325.17)	(499,837.36)
Net cash provided (used) by operating activities	<u>(344,006.32)</u>	<u>(171,768.88)</u>	<u>(515,775.20)</u>
Cash flows from noncapital financing activities:			
State sources	7,209.63		7,209.63
Federal sources	352,409.37		352,409.37
Net cash provided (used) by noncapital financing activities	<u>359,619.00</u>		<u>359,619.00</u>
Cash flows from investing activities:			
Interest earned		1,778.36	1,778.36
Net cash provided (used) by noncapital financing activities		<u>1,778.36</u>	<u>1,778.36</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(3,931.00)		(3,931.00)
Net cash provided (used) by capital and related financing activities	<u>(3,931.00)</u>		<u>(3,931.00)</u>
Net increase(decrease) in cash and cash equivalents	11,681.68	(169,990.52)	(158,308.84)
Cash and cash equivalents, July 1	<u>251,636.64</u>	<u>332,205.50</u>	<u>583,842.14</u>
Cash and cash equivalents, June 30	<u>\$263,318.32</u>	<u>\$162,214.98</u>	<u>\$425,533.30</u>
Operating income(loss)	(\$351,515.54)	(\$56,018.19)	(\$407,533.73)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	25,645.20		25,645.20
Transfer out		(30,000.00)	(30,000.00)
Change in assets and liabilities:			
Increase (Decrease) in unearned revenue	9,898.34	(62,120.00)	(52,221.66)
(Increase) Decrease in inventory	(2,394.81)		(2,394.81)
(Increase) Decrease in prepaid expense		3,759.50	3,759.50
(Increase) Decrease in accounts receivable	(312.55)	(4,177.00)	(4,489.55)
Increase (Decrease) in accounts payable	(25,326.96)	(23,213.19)	(48,540.15)
Net cash provided (used) by operating activities	<u>(\$344,006.32)</u>	<u>(\$171,768.88)</u>	<u>(\$515,775.20)</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

	STATE UNEMPLOYMENT INSURANCE	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY FUNDS	
			STUDENT ACTIVITIES	PAYROLL
ASSETS:				
Cash and cash equivalents	\$138,023.04	\$97,082.98	\$133,235.55	\$226,679.55
Total assets	138,023.04	97,082.98	133,235.55	226,679.55
LIABILITIES:				
Liabilities:				
Payroll deductions & withholdings				226,679.55
Due to student groups			133,235.55	
Total liabilities			133,235.55	226,679.55
NET POSITION:				
Reserve for state unemployment	138,023.04			
Reserve for scholarships		97,082.98		
Total net position	\$138,023.04	\$97,082.98	\$-0-	\$-0-

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>
ADDITIONS:		
Contributions:		
Board contribution	\$15,000.00	
Employee contributions	73,830.51	
Other- donations and interest earned		\$14,549.65
	<hr/>	<hr/>
Total additions	88,830.51	14,549.65
	<hr/>	<hr/>
DEDUCTIONS:		
State unemployment insurance claims/ taxes	76,451.75	
Scholarships awarded		22,125.00
	<hr/>	<hr/>
Total deductions	76,451.75	22,125.00
	<hr/>	<hr/>
Change in net position	12,378.76	(7,575.35)
Net position - July 1	125,644.28	104,658.33
	<hr/>	<hr/>
Net position - June 30	<u>\$138,023.04</u>	<u>\$97,082.98</u>

The accompanying notes to the financial statements are an integral part of this statement.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Middlesex School District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental 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.

Reporting Entity

The Borough of Middlesex School District is a Type II District located in Middlesex County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms 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.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include three elementary schools, a middle and a high school located in the Borough of Middlesex. 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.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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 funds as major is important for public interest and to promote consistency among district financial reporting models.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed 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 expense 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.

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.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is 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. The district also considers the operations of the Community School as an enterprise fund.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Scholarship Funds - A trust fund used to account for assets donated by individuals that will provide for the payment of awards to district students.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Val Orem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General 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.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

All budget 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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 reservations of 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 revenues 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

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.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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 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 and contracts.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Balance and Net Position

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the proprietary fund.

Unearned Revenue

Unearned revenue in the general and special revenue funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Subsequent Year's Expenditures and Capital Fund Encumbrances as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned -is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues – Exchange and Non-Exchange 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.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. 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 year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Proprietary Funds - Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the district-wide financial statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements the year end net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies in this category, deferred amounts related to pensions.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, deposits in the government money market account, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Middlesex School District had the following cash and cash equivalents at June 30, 2020.

	Cash in			Reconciled
	<u>Bank</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Governmental Funds	\$4,280,828.25	\$5,425.00	\$379,055.08	\$3,907,198.17
Proprietary Fund	430,118.34		4,585.04	425,533.30
Fiduciary Fund	612,332.43		17,311.31	595,021.12
	<u>\$5,323,279.02</u>	<u>\$5,425.00</u>	<u>\$400,951.43</u>	<u>\$4,927,752.59</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2020, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$305,028.20 was covered by Federal Depository Insurance and \$5,018,250.82 was covered under the provisions of NJ GUDPA.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
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
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;
 - 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. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2020, the District has no investments outstanding. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the N.J. Cash Management Fund, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$44,339.00			\$44,339.00
Construction in progress	480,618.00	\$622,858.77		1,103,476.77
Total capital assets that are not depreciated	<u>524,957.00</u>	<u>622,858.77</u>		<u>1,147,815.77</u>
Capital assets being depreciated:				
Site improvements	2,617,434.37			2,617,434.37
Building and building improvements	40,459,529.81	555,145.03		41,014,674.84
Machinery and equipment	2,417,405.56	171,343.69	(\$17,482.00)	2,571,267.25
Total capital assets being depreciated	<u>45,494,369.74</u>	<u>726,488.72</u>	<u>(17,482.00)</u>	<u>46,203,376.46</u>
 Total gross assets	 46,019,326.74	 1,349,347.49	 (17,482.00)	 47,351,192.23
Less: accumulated depreciation for:				
Site improvements	(1,637,740.12)	(90,630.96)		(1,728,371.08)
Building and building improvements	(15,631,008.09)	(1,058,337.25)		(16,689,345.34)
Machinery and equipment	(1,903,346.06)	(85,677.52)	17,150.16	(1,971,873.42)
	<u>(19,172,094.27)</u>	<u>(1,234,645.73)</u>	<u>17,150.16</u>	<u>(20,389,589.84)</u>
 Governmental activities capital assets, net	 <u>\$26,847,232.47</u>	 <u>\$114,701.76</u>	 <u>(\$331.84)</u>	 <u>\$26,961,602.39</u>
 Business type activities:				
Machinery and equipment	654,389.26	3,931.00	(10,502.97)	647,817.29
Less: accumulated depreciation	<u>(345,935.93)</u>	<u>(25,645.20)</u>	<u>10,171.13</u>	<u>(361,410.00)</u>
 Business type activities capital assets, net	 <u>\$308,453.33</u>	 <u>(\$21,714.20)</u>	 <u>(\$331.84)</u>	 <u>\$286,407.29</u>

Depreciation Expense was charged to governmental expenses as follows:

Instruction:	
Regular	(\$47,205.55)
Support Services:	
Plant operations and maintenance	(16,605.00)
Student transportation	(12,421.86)
Direct Expense of various functions	<u>(1,158,413.32)</u>
	<u>(\$1,234,645.73)</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM DEBT

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2020, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2020.

	Balance June 30, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2020</u>	Amounts due Within <u>one year</u>
Bonds Payable	\$1,330,000.00		\$455,000.00	\$875,000.00	\$440,000.00
Unamortized Bond Premium	116,995.49		37,348.71	79,646.78	
Compensated Absences	239,709.64		4,397.50	235,312.14	
Capital Leases Payable	5,885,266.78	\$101,870.00	526,747.42	5,460,389.36	585,495.93
Net Pension Liability	9,152,316.00		571,494.00	8,580,822.00	
	<u>\$16,724,287.91</u>	<u>\$101,870.00</u>	<u>\$1,594,987.63</u>	<u>\$15,231,170.28</u>	<u>\$1,025,495.93</u>

Bonds Payable

The annual requirements to amortize all debt outstanding as of June 30, 2020, with interest payments on issued debt, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$440,000.00	\$35,000.00	\$475,000.00
2022	<u>435,000.00</u>	<u>17,400.00</u>	<u>452,400.00</u>
	<u>\$875,000.00</u>	<u>\$52,400.00</u>	<u>\$927,400.00</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM DEBT

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the calendar year ended December 31, 2019, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2019	\$1,540,230,841.00
2018	1,555,760,227.00
2017	1,481,716,507.00
	<u>\$4,577,707,575.00</u>
Average equalized valuation of property	\$1,525,902,525.00
School borrowing margin (4% of \$1,525,902,525.00)	61,036,101.00
Net bonded school debt as of December 31, 2019	1,330,000.00
School borrowing power available	<u>\$59,706,101.00</u>

NOTE 5: LEASE PURCHASE AGREEMENT

The District has entered into an agreement to purchase a school bus through a Lease Purchase Agreement at a fixed interest rate of 2.970%. The following is the annual payment schedule summarizing amounts due each year for principal and interest.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$19,821.09	\$2,461.74	\$22,282.83
2022	20,409.77	1,873.06	22,282.83
2023	21,015.95	1,266.88	22,282.83
2024	21,640.11	642.72	22,282.83
	<u>\$82,886.92</u>	<u>\$6,244.40</u>	<u>\$89,131.32</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: LEASE PURCHASE AGREEMENT (CONTINUED)

The District has entered into an agreement for an Energy Savings Improvement Program through a Lease Purchase Agreement at a fixed interest rate of 2.597%. The following is the annual payment schedule summarizing amounts due each year for principal and interest.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$203,805.14	\$109,305.92	\$313,111.06
2022	201,898.87	104,025.47	305,924.34
2023	214,161.44	98,702.54	312,863.98
2024	226,899.74	93,058.07	319,957.81
2025	240,129.67	87,079.59	327,209.26
2026	250,269.63	80,777.59	331,047.22
2027	260,840.43	74,209.45	335,049.88
2028	275,454.99	67,340.55	342,795.54
2029	290,624.82	60,088.48	350,713.30
2030	306,368.27	52,438.75	358,807.02
2031	322,704.28	44,376.30	367,080.58
2032	339,652.37	35,885.63	375,538.00
2033	357,232.65	26,950.73	384,183.38
2034	375,465.86	17,555.01	393,020.87
2035	394,373.36	7,681.41	402,054.77
	<u>\$4,259,881.52</u>	<u>\$959,475.49</u>	<u>\$5,219,357.01</u>

The District has entered into an agreement in the amount of \$1,360,000.00 for security cameras and a HVAC project through a Lease Purchase Agreement at a fixed interest rate of 2.89930%. The following is the annual payment schedule summarizing amounts due each year for principal and interest:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$361,869.70	\$29,799.13	\$391,668.83
2022	372,437.44	19,231.40	391,668.84
2023	383,313.78	8,355.07	391,668.85
	<u>\$1,117,620.92</u>	<u>\$57,385.60</u>	<u>\$1,175,006.52</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: PENSION PLANS (CONTINUED)

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: PENSION PLANS (CONTINUED)

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

PERS Contribution Requirements

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2020	\$463,227.00	100.00%	\$463,227.00
2019	462,358.00	100.00%	462,358.00
2018	462,366.00	100.00%	462,366.00

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$2,989,035.00, \$2,264,895.00 and \$2,264,895.00, respectively to the TPAF pension system on behalf of the District.

Also, during the fiscal year ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$2,277.00, \$2,625.00 and \$3,070.00 respectively to the TPAF long term disability insurance fund on behalf of the District.

Also in accordance with N.J.S.A. 18A:66-66, during the years ended June 30, 2020, 2019 and 2018, the State of New Jersey reimbursed the District \$1,256,695.11, \$1,100,427.53 and \$1,111,399.97, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$8,580,822.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The 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, 2019, the District's proportion was 0.0476223308 percent, which was an increase of 0.0011391008 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$644,996.00 in the government-wide financial statements. The pension expense was based on the pension plans June 30, 2019 measurement date.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$154,015.00	\$37,906.00
Changes of assumptions	856,827.00	2,978,376.00
Net difference between projected and actual earnings on pension plan investments		135,452.00
Changes in proportion and differences between District contributions and proportionate share of contributions	789,084.00	498,380.00
District contributions subsequent to the measurement date	<u>489,894.00</u>	
	<u>\$2,282,820.00</u>	<u>\$3,650,114.00</u>

The \$489,894.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	<u>Amount</u>
<u>June 30</u>	
2020	(\$191,034.00)
2021	(747,036.00)
2022	(660,985.00)
2023	(280,269.00)
2024	<u>22,136.00</u>
	<u>(\$1,857,188.00)</u>

Actuarial Assumptions

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the pension liability	\$11,789,994.00	\$8,580,822.00	\$7,351,916.00

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Teachers Pensions and Annuity Fund (TPAF)

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$91,357,819.00</u>
	<u>\$91,357,819.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was .1488616812% which was a decrease of .0016748848 percent from its proportion measured as of June 30, 2018.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$5,388,528.00 for contributions provided by the State. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

Actuarial Assumptions

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
Thereafter	2.75%-5.65%	2.00%-5.45%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

Mortality Rate

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

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2019 and June 30, 2018 respectively) 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, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, 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.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate (Continued)

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 plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,943</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2020 was as follows:

Non-Employer OPEB Liability:	
Districts Proportionate Share	-0-
State's Proportionate Share	
Associated with the District	<u>\$61,993,072.00</u>
	<u><u>\$61,993,072.00</u></u>

The total Non-Employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$1,524,311.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on plans June 30, 2019 measurement date

At June 30, 2019, the District's proportion was 0.1485608368 percent, which was an increase of .0027251716 percent from its proportion measured as of June 30, 2018.

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

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

	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation 2.5 percent			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	2.00-3.05%*	3.00-7.00%*	Applied to All Future Years

*- Based on Years of Service

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

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 and June 30, 2019 was 3.50% and 3.87% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2018 to June 30, 2019.

Balance at 6/30/18		\$67,246,040
Changes for the year:		
Service cost	2,454,354	
Interest	2,662,013	
Differences between expected and actual experience	(9,447,065)	
Changes in assumptions or other inputs	924,322	
Membership Contributions	56,410	
Benefit payments - Net	(1,903,002)	
Net changes		(5,252,968)
Balance at 6/30/19		\$61,993,072

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

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

	June 30, 2019		
	<u>1.00% Decrease (2.50%)</u>	<u>At Discount Rate (3.50%)</u>	<u>1.00% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$73,238,316	\$61,993,072	\$53,060,467

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

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

	June 30, 2019		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$51,079,528	\$61,993,072	\$76,440,363

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		\$15,576,552.00
Changes of assumptions		12,600,231.00
Changes in proportion	<u>\$1,556,532.00</u>	<u>393,955.00</u>
	<u><u>\$1,556,532.00</u></u>	<u><u>\$28,570,738.00</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's non-employee OPEB associated with the District will be recognized in OPEB expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2020	(\$3,550,627)
2021	(3,550,627)
2022	(3,550,627)
2023	(3,550,627)
2024	(3,550,627)
Total	
Thereafter	<u>(9,261,073)</u>
	<u><u>(\$27,014,206)</u></u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

NOTE 9: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 10: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2019-2020 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

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.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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 table on the following page is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$15,000.00	\$73,830.51	\$76,451.75	\$138,023.04
2018-2019	15,000.00	59,535.95	84,029.19	125,644.28
2017-2018		56,284.37	77,904.91	135,137.52

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made. The following interfund balances remained on the balance sheet at June 30, 2020.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$1,178,076.71	
Special Revenue Fund		\$121,222.49
Capital Projects Fund		1,056,854.22
	<u>\$1,178,076.71</u>	<u>\$1,178,076.71</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 13: FUND BALANCE APPROPRIATED

General Fund – Of the \$4,856,755.62 General Fund fund balance at June 30, 2020, \$83,505.14 has been assigned for year-end encumbrances; unassigned fund balance was \$114,829.81; \$2,372,531.47 has been restricted in the Capital Reserve Account; \$503,300.00 has been restricted in the Maintenance Reserve; \$1,782,589.20 has been restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$741,657.00 has been appropriated and included as anticipated revenue in the 20-2021 budget.

NOTE 14: CALCULATION OF EXCESS SURPLUS-BUDGETARY BASIS

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 years' budget. Based on this calculation, the Middlesex School District has \$1,040,932.20 excess fund balance resulting from the year ended June 30, 2020.

General Fund Expenditures Fiscal Year Ended June 30, 2020	\$40,050,169.49
Add:	
Transfer from Capital Reserve to Capital Projects Fund	108,200.00
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	<u>5,701,279.12</u>
Adjusted General Fund Expenditures	34,457,090.37
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2019-20 General Fund Expenditures	689,141.81
Add: Allowable Adjustments	449,158.00
Maximum Unassigned Fund Balance	1,138,299.81
Actual Unassigned Fund Balance	<u>2,179,232.01</u>
Excess Surplus	<u>\$1,040,932.20</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Middlesex Board of Education by the inclusion of \$1,000.00 in the 2000-2001 school year 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 department, a district may increase the balance in the capital reserve as per N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.1 by appropriating funds in the annual general fund budget certified for taxes. 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. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the capital reserve for withdrawal in subsequent school years. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2020 year is as follows:

Beginning balance, July 1, 2019		\$562,281.13
Add: Transfer per Board Resolution	\$1,750,000.00	
Add: Closed Capital Projects	<u>168,450.34</u>	
		<u>1,918,450.34</u>
		\$2,480,731.47
Less: Budgeted Withdrawal		<u>108,200.00</u>
Ending balance, June 30, 2020		<u><u>\$2,372,531.47</u></u>

NOTE 16: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2020.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2020

NOTE 17: MAINTENANCE RESERVE

A maintenance reserve was established through a board resolution by the Borough of Middlesex School District in the amount of \$150,000.00 in the 2007-2008 school year for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve for the year ending June 30, 2020 is as follows:

Balance, July 1, 2019	\$253,300.00
Add: Board resolution	<u>250,000.00</u>
Ending balance, June 30, 2020	<u><u>\$503,300.00</u></u>

NOTE 18: INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consist of the following:

Food and Supplies	<u>\$14,137.46</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 19: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through December 21, 2020 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$25,602,375.00		\$25,602,375.00	\$25,602,375.00	(5,550.00)
Tuition from individuals	51,300.00		51,300.00	45,750.00	186,322.43
Unrestricted miscellaneous	154,100.00		154,100.00	340,422.43	
Total revenues-local sources	25,807,775.00		25,807,775.00	25,988,547.43	180,772.43
State sources:					
Categorical special education aid	1,286,114.00		1,286,114.00	1,286,114.00	
Equalization aid	8,289,671.00		8,289,671.00	8,289,671.00	
Categorical security aid	359,344.00		359,344.00	359,344.00	
Categorical transportation aid	333,032.00		333,032.00	333,032.00	
Extraordinary aid				448,868.00	448,868.00
Other state aid				290.00	290.00
On-behalf TPAF pension - post retirement medical (non budgeted)				1,202,069.00	1,202,069.00
On-behalf TPAF pension contribution (non-budgeted)				3,183,183.00	3,183,183.00
On-behalf TPAF non-contributory insurance (non-budgeted)				57,055.00	57,055.00
On-behalf TPAF long term disability insurance (non-budgeted)				2,277.00	2,277.00
Reimbursed TPAF social security cont. (non-budgeted)				1,256,695.11	1,256,695.11
Total - state sources	10,268,161.00		10,268,161.00	16,418,598.11	6,150,437.11
Federal sources:					
Medicaid reimbursement (SEMI)	62,690.00		62,690.00	41,471.26	(21,218.74)
Total - federal sources	62,690.00		62,690.00	41,471.26	(21,218.74)
Total revenues	36,138,626.00		36,138,626.00	42,448,616.80	6,309,990.80
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	55,913.00		55,913.00	55,307.41	605.59
Kindergarten	474,652.00	27,753.00	502,405.00	495,846.53	6,558.47
Grades 1-5	3,248,507.00	(40,700.00)	3,207,807.00	3,025,631.85	182,175.15
Grades 6-8	2,198,500.00	19,000.00	2,217,500.00	2,157,044.37	60,455.63
Grades 9-12	3,535,484.00	(137,543.00)	3,397,941.00	3,285,393.24	112,547.76
Home instruction - regular programs:					
Salaries of teachers	15,000.00		15,000.00	3,736.80	11,263.20
Purchased professional educational services	14,500.00		14,500.00	9,495.00	5,005.00

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$35,433.00	(\$3,998.00)	\$31,435.00	\$25,287.20	\$6,147.80
Purchased professional educational services	234,575.00	144,000.00	378,575.00	367,321.40	11,253.60
Other purchased services	170,705.00	13,597.00	184,302.00	151,389.10	32,912.90
General supplies	778,819.00	(23,725.00)	755,094.00	627,348.68	127,745.32
Textbooks	8,350.00	4,600.00	12,950.00	8,045.62	4,904.38
Other objects	8,600.00		8,600.00	7,150.00	1,450.00
Total regular programs	10,779,038.00	2,984.00	10,782,022.00	10,218,997.20	563,024.80
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	457,494.00	(6,400.00)	451,094.00	443,468.40	7,625.60
Other salaries for instruction	273,798.00	(24,647.00)	249,151.00	227,843.11	21,307.89
Purchased professional services	22,675.00	3,000.00	25,675.00	4,522.40	21,152.60
General supplies	7,259.00		7,259.00	3,959.40	3,299.60
Other objects	3,550.00		3,550.00	48.18	3,501.82
Total learning and/or language disabilities	764,776.00	(28,047.00)	736,729.00	679,841.49	56,887.51
Multiple disabilities:					
Salaries of teachers	326,050.00	(52,200.00)	273,850.00	244,569.00	29,281.00
Other salaries for instruction	208,175.00	18,947.00	227,122.00	216,780.08	10,341.92
Purchased professional educational services	27,000.00	10,000.00	37,000.00	17,754.80	19,245.20
General supplies	17,551.00		17,551.00	12,389.92	5,161.08
Other objects	1,995.00		1,995.00	58.86	1,936.14
Total multiple disabilities	580,771.00	(23,253.00)	557,518.00	491,552.66	65,965.34
Resource room/resource center:					
Salaries of teachers	1,795,941.00	(17,882.00)	1,778,059.00	1,673,718.10	104,340.90
Other salaries for instruction	200,053.00	2,475.00	202,528.00	195,043.14	7,484.86
Purchased professional educational services	51,000.00		51,000.00	20,896.40	30,103.60
General supplies	17,052.00		17,052.00	12,920.07	4,131.93
Total resource room/center	2,064,046.00	(15,407.00)	2,048,639.00	1,902,577.71	146,061.29
Autism:					
Salaries of teachers	122,079.00	3,610.00	125,689.00	124,876.00	813.00
Other salaries for instruction	101,165.00	12,300.00	113,465.00	106,063.84	7,401.16
Purchased professional educational services	7,500.00		7,500.00	2,271.20	5,228.80
General supplies	10,851.00		10,851.00	6,778.33	4,072.67
Other objects	540.00		540.00		540.00
Total autism	\$242,135.00	\$15,910.00	\$258,045.00	\$239,989.37	\$18,055.63

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Preschool disabilities - full time:					
Salaries of teachers	\$121,192.00	\$9,586.00	\$130,778.00	\$130,479.26	\$298.74
Other salaries for instruction	126,826.00	(24,196.00)	102,630.00	92,928.81	9,701.19
Purchased professional educational services	9,000.00		9,000.00	754.80	8,245.20
General supplies	10,949.00		10,949.00	10,239.27	709.73
Total preschool disabilities - full time	267,967.00	(14,610.00)	253,357.00	234,402.14	18,954.86
Special education - home instruction:					
Salaries of teachers	51,500.00		51,500.00	35,990.32	15,509.68
Purchased professional-educational services	31,000.00		31,000.00	13,095.00	17,905.00
Total home instruction	82,500.00		82,500.00	49,085.32	33,414.68
Total special education	4,002,195.00	(65,407.00)	3,936,788.00	3,597,448.69	339,339.31
Basic skills/remedial:					
Salaries of teachers	416,798.00	(85,330.00)	331,468.00	307,013.80	24,454.20
Purchased professional-educational services	15,625.00		15,625.00	1,693.20	13,931.80
General supplies	5,000.00		5,000.00	2,133.80	2,866.20
Total basic skills/remedial	437,423.00	(85,330.00)	352,093.00	310,840.80	41,252.20
Bilingual education:					
Salaries of teachers	368,667.00	13,030.00	381,697.00	379,407.78	2,289.22
Purchased professional-educational services	8,250.00		8,250.00	4,066.40	4,183.60
Other purchased services	375.00		375.00		375.00
General supplies	9,455.00		9,455.00	3,817.53	5,637.47
Other objects	866.00		866.00		866.00
Total bilingual education	387,613.00	13,030.00	400,643.00	387,291.71	13,351.29
School sponsored cocurricular activities:					
Salaries	120,120.00		120,120.00	117,055.66	3,064.34
Supplies and materials	2,825.00	(500.00)	2,325.00	1,174.12	1,150.88
Other objects	4,400.00		4,400.00	1,638.22	2,761.78
Total school sponsored cocurricular activities	127,345.00	(500.00)	126,845.00	119,868.00	6,977.00
School sponsored athletics:					
Salaries	419,292.00	(92,559.00)	326,733.00	325,986.20	746.80
Purchased services	112,650.00	(4,700.00)	107,950.00	93,220.18	14,729.82
Supplies and materials	34,700.00	(1,688.00)	33,012.00	31,908.45	1,103.55
Other objects	22,900.00		22,900.00	17,032.75	5,867.25
Total school sponsored athletics	589,542.00	(98,947.00)	490,595.00	468,147.58	22,447.42
Total other instructional programs	1,541,923.00	(171,747.00)	1,370,176.00	1,286,148.09	84,027.91
Total - instruction	\$16,323,156.00	(\$234,170.00)	\$16,088,986.00	\$15,102,593.98	\$986,392.02

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the State-regular	\$32,000.00	(\$32,000.00)			
Tuition to other LEAs within the State-special	180,893.00	(71,303.00)	109,590.00	108,914.79	675.21
Tuition to County Vocational - Special		9,225.00	9,225.00	9,225.00	
Tuition to CSSD and regular day schools	47,463.00	43,200.00	90,663.00	90,663.00	
Tuition for private schools for handicapped within the State	147,095.00	71,708.00	218,803.00	217,881.56	921.44
Tuition for private school out of state		185,100.00	185,100.00	185,047.07	52.93
Tuition - other	170,189.00	(50,100.00)	120,089.00	120,050.00	39.00
Total instruction	577,640.00	155,830.00	733,470.00	731,781.42	1,688.58
Attendance and social services work:					
Salaries	42,751.00	120.00	42,871.00	42,846.08	24.92
Other purchased services	595.00		595.00	490.65	104.35
Supplies and materials	250.00		250.00	155.05	94.95
Total - attendance and social services work	43,596.00	120.00	43,716.00	43,491.78	224.22
Health services:					
Salaries	451,981.00	(20,198.00)	431,783.00	401,445.25	30,337.75
Purchased professional and technical services	11,460.00		11,460.00	5,865.59	5,594.41
Other purchased services	500.00		500.00	210.00	290.00
Supplies and materials	14,143.00	75.00	14,218.00	10,832.70	3,385.30
Total - health services	478,084.00	(20,123.00)	457,961.00	418,353.54	39,607.46
Other support services - students-related services:					
Salaries	348,516.00	(14,000.00)	334,516.00	331,187.24	3,328.76
Purchased professional-educational services	270,520.00	30,000.00	300,520.00	236,111.32	64,408.68
Supplies and materials	5,361.00	2,300.00	7,661.00	6,519.52	1,141.48
Total other support services - students-related services	624,397.00	18,300.00	642,697.00	573,818.08	68,878.92
Other support services students-extra services					
Salaries	138,119.00	4,198.00	142,317.00	128,855.92	13,461.08
Purchased professional-educational services	140,760.00		140,760.00	99,387.80	41,372.20
Total other support services students-extra services	\$278,879.00	\$4,198.00	\$283,077.00	\$228,243.72	\$54,833.28

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students-regular					
Salaries of other professional staff	\$672,561.00	(\$131,855.00)	\$540,706.00	\$540,700.00	\$6.00
Salaries of secretarial and clerical assistants	134,618.00	7,497.00	142,115.00	142,110.96	4.04
Other purchased professional and technical services	63,088.00	(255.00)	62,833.00	62,465.67	367.33
Other purchased services	6,225.00		6,225.00	5,845.67	379.33
Supplies and materials	11,700.00	(2,200.00)	9,500.00	9,415.63	84.37
Other objects	2,000.00		2,000.00	920.00	1,080.00
Total other support services - students-regular	890,192.00	(126,813.00)	763,379.00	761,457.93	1,921.07
Other support services - students - special services:					
Salaries of other professional staff	932,616.00	(132,678.00)	799,938.00	797,569.28	2,368.72
Salaries of secretarial and clerical assistants	117,650.00	6,725.00	124,375.00	122,263.24	2,111.76
Salaries - other	3,500.00	3,325.00	6,825.00	4,950.06	1,874.94
Purchased professional educational services	103,664.00		103,664.00	65,539.00	38,125.00
Purchased professional technical services	13,538.00		13,538.00	13,012.15	525.85
Miscellaneous purchase services (400-500 series)	11,034.00	110.00	11,144.00	8,425.03	2,718.97
Supplies and materials	19,747.00	(4,625.00)	15,122.00	7,978.51	7,143.49
Other objects	1,751.00		1,751.00	284.00	1,467.00
Total other support services - students - special services	1,203,500.00	(127,143.00)	1,076,357.00	1,020,021.27	56,335.73
Improvement of instructional services:					
Salary of supervisor of instruction	113,648.00	(7,500.00)	106,148.00	101,656.34	4,491.66
Salaries of other professional staff	123,331.00	9,365.00	132,696.00	101,126.99	31,569.01
Salaries of secretary and clerical assistant	92,042.00	(8,590.00)	83,452.00	54,025.92	29,426.08
Purchased professional educational services	11,115.00		11,115.00	4,580.96	6,534.04
Other purchased services	6,405.00		6,405.00	3,467.63	2,937.37
Supplies and materials	5,900.00	100.00	6,000.00	2,366.02	3,633.98
Miscellaneous expenditures	2,918.00		2,918.00	1,160.00	1,758.00
Total improvement of instructional services	\$355,359.00	(\$6,625.00)	\$348,734.00	\$268,383.86	\$80,350.14

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Educational media/school library:					
Salaries	\$148,986.00	\$12,450.00	\$161,436.00	\$159,890.00	\$1,546.00
Other Salaries	\$83,954.00	\$75.00	\$84,029.00	\$83,783.76	\$245.24
Salaries of Technology Coordinators		224,484.00	224,484.00	224,482.43	1.57
Purchased professional and technical services	16,957.00		16,957.00	9,895.50	7,061.50
Supplies and materials	22,520.00		22,520.00	22,035.11	484.89
Total educational media/school library	272,417.00	237,009.00	509,426.00	500,086.80	9,339.20
Instructional staff training services:					
Salaries of other professional staff	4,860.00	560.00	5,420.00	4,832.01	587.99
Purchased professional educational services	27,750.00	(560.00)	27,190.00	16,292.00	10,898.00
Other purchase services (400-500 series)	42,613.00		42,613.00	16,329.54	26,283.46
Supplies and materials	4,327.00		4,327.00	1,695.75	2,631.25
Total Instructional staff training services	79,550.00		79,550.00	39,149.30	40,400.70
Support services general administration:					
Salaries	446,098.00	(17,262.00)	428,836.00	422,434.19	6,401.81
Vacation Days Retired/Term Emp	155,864.42	2,647.00	2,647.00	2,646.16	0.84
Legal services	29,800.00	65,000.00	220,864.42	193,290.18	27,574.24
Audit fees	20,000.00		29,800.00	29,800.00	
Architectural/engineering services	1,200.00	18,000.00	38,000.00	8,082.39	5,544.50
Other purchased professional services	3,000.00	4,350.00	5,550.00	5,544.50	
Purchased technical services	86,696.00	(50.00)	2,950.00	2,857.68	92.32
Communications/telephone	10,000.00	(3,500.00)	83,196.00	67,180.80	16,015.20
Other purchased services	130,775.00	5,425.00	10,000.00	7,863.40	2,136.60
Miscellaneous purchase services (400-500 series)	12,700.00		136,200.00	128,512.85	7,687.15
General Supplies	2,300.00	600.00	13,300.00	9,198.47	4,101.53
BOE in-house training/meeting supplies	8,200.00	4,390.00	2,300.00	2,088.47	211.53
Miscellaneous expenditures	16,000.00		12,590.00	12,410.00	180.00
BOE membership dues and fees			16,000.00	13,829.15	2,170.85
Total support services general administration	922,633.42	79,600.00	1,002,233.42	905,738.24	96,495.18
Support services school administration:					
Salaries of principals/assistant principals	938,306.00	(3,570.00)	934,736.00	934,539.64	196.36
Salaries of other professional staff	454,948.00	384,593.00	384,593.00	384,591.76	1.24
Salaries of secretarial and clerical assistants		(5,555.00)	449,393.00	444,864.99	4,528.01
Unused vacation payments to terminated/retired staff		29,357.00	29,357.00	29,118.46	238.54
Purchased professional and technical services	18,000.00		18,000.00	15,470.21	2,529.79
Other purchased services	35,625.00		35,625.00	15,172.29	20,452.71
Supplies and materials	33,537.00	3,000.00	36,537.00	27,071.57	9,465.43
Other objects	43,150.00	(6,550.00)	36,600.00	31,746.71	4,853.29
Total support services school administration	\$1,523,566.00	\$401,275.00	\$1,924,841.00	\$1,882,575.63	\$42,265.37

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Central services:					
Salaries	\$427,769.00	\$4,000.00	\$431,769.00	\$431,700.24	\$68.76
Purchased professional services	7,100.00		7,100.00	6,609.12	490.88
Misc. purchased services (400-500 series)	20,060.00	(295.00)	19,765.00	13,709.99	6,055.01
Supplies and Materials	13,400.00	700.00	14,100.00	10,319.50	3,780.50
Interest for Lease Purchase	38,006.00		38,006.00	38,000.64	5.36
Miscellaneous Expenditures	2,425.00	295.00	2,720.00	2,720.00	
Total central services	508,760.00	4,700.00	513,460.00	503,059.49	10,400.51
Administration information technology:					
Salaries	251,702.00	(224,359.00)	27,343.00	27,342.61	0.39
Purchased technical services	56,233.00	(15,252.09)	40,980.91	35,268.90	5,712.01
Other purchased services	63,930.00		63,930.00	50,346.52	13,583.48
Supplies and materials	23,500.00	(1,400.00)	22,100.00	9,891.05	12,208.95
Other objects	590.00		590.00	75.00	515.00
Total administration information technology	395,955.00	(241,011.09)	154,943.91	122,924.08	32,019.83
Required maintenance for school facilities:					
Salaries	182,056.00	(6,328.00)	175,728.00	167,147.63	8,580.37
Vacation days retired / terminated employees		7,100.00	7,100.00	7,047.18	52.82
Cleaning, repair, and maintenance services	283,957.00	388,000.00	671,957.00	585,993.83	85,963.17
General supplies	79,485.00		79,485.00	63,139.04	16,345.96
Total required maintenance for school facilities	545,498.00	388,772.00	934,270.00	823,327.68	110,942.32
Other operations and maintenance of plant:					
Salaries	942,919.00	13,918.00	956,837.00	930,274.99	26,562.01
Salaries of non-instructional aides	143,460.00		143,460.00	122,743.72	20,716.28
Purchased professional and technical services	60,700.00		60,700.00	51,256.74	9,443.26
Cleaning, repair and maint. services	16,200.00		16,200.00	15,003.22	1,196.78
Lease purchase payments - ESIP	320,446.00		320,446.00	320,445.32	0.68
Other purchased property services	50,850.00		50,850.00	44,121.84	6,728.16
Insurance	171,400.00	(20,000.00)	151,400.00	147,146.64	4,253.36
Miscellaneous purchased services	3,700.00		3,700.00	2,854.85	845.15
General supplies	104,837.00		104,837.00	96,337.43	8,499.57
Energy (natural gas)	191,000.00		191,000.00	184,067.21	6,932.79
Energy (electricity)	315,000.00		315,000.00	243,364.90	71,635.10
Energy (gasoline)	3,000.00		3,000.00	747.85	2,252.15
Total other operations and maintenance of plant	2,323,512.00	(6,082.00)	2,317,430.00	2,158,364.71	159,065.29
Care and Upkeep of Grounds					
Salaries	50,430.00		50,430.00	48,437.24	1,992.76
Cleaning, repair, and maintenance services	103,900.00	(23,000.00)	80,900.00	59,527.11	21,372.89
General supplies	9,540.00	2,000.00	11,540.00	9,756.49	1,783.51
Total care and upkeep of grounds	\$163,870.00	(\$21,000.00)	\$142,870.00	\$117,720.84	\$25,149.16

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Security:					
Cleaning, repair, and maintenance services	\$28,850.00	\$7,000.00	\$35,850.00	\$34,506.79	\$1,343.21
General supplies	4,900.00		4,900.00	4,759.95	140.05
Total security	33,750.00	7,000.00	40,750.00	39,266.74	1,483.26
Total operations and maintenance of plant services	3,066,630.00	\$368,690.00	3,435,320.00	3,138,679.97	296,640.03
Student transportation services:					
Salaries of non-instructional aides	27,764.00	3,000.00	30,764.00	30,569.61	194.39
Salaries for pupil transportation (between home and school) - regular	19,700.00	(2,880.00)	16,820.00	16,123.40	696.60
Salaries for pupil transportation (between home and school) - special	111,146.00	510.00	111,656.00	105,690.50	5,965.50
Salaries for pupil transportation (other than between home and school)	15,000.00	(630.00)	14,370.00	5,052.36	9,317.64
Management fee - ESC & CTSA trans. program	30,000.00	(4,600.00)	25,400.00	16,624.08	8,775.92
Cleaning, repair and maint. services	30,000.00	9,100.00	39,100.00	39,077.34	22.66
Lease Purchase Payments - School Buses	20,000.00		20,000.00	20,000.00	
Contracted services (aid in lieu of payments)	110,000.00	(8,900.00)	101,100.00	63,140.53	37,959.47
Contracted services (aid in lieu of payments- charter schools)	2,000.00	(1,000.00)	1,000.00	610.51	389.49
Contracted services (aid in lieu of payments- choice schools)		1,000.00	1,000.00	683.65	316.35
Contracted services (other than between home and school) - vendors	71,900.00		71,900.00	51,786.50	20,113.50
Contracted services (between home and school) - joint agreements	13,000.00	26,000.00	39,000.00	33,422.37	5,577.63
Contracted services (special education students) - vendors		11,000.00	11,000.00	11,000.00	
Contracted services (special education students) joint agreements	21,000.00		21,000.00	12,227.25	8,772.75
Contracted services (regular students) - ESCs & CTAS	208,600.00		208,600.00	160,539.50	48,060.50
Contracted services (special education students) - ESCs & CTAS	490,600.00	(37,000.00)	453,600.00	333,558.47	120,041.53
Misc. purchased services - transportation	20,000.00	900.00	20,900.00	20,879.05	20.95
Transportation Supplies	13,500.00	(200.00)	13,300.00	7,046.58	6,253.42
Other objects	1,250.00	3,700.00	4,950.00	1,873.60	3,076.40
Total student transportation services	\$1,205,460.00		\$1,205,460.00	\$929,905.30	\$275,554.70

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits:					
Social security contributions	\$436,000.00		\$436,000.00	\$379,969.54	\$56,030.46
Other retirement contributions - regular	527,900.00	(\$35,000.00)	492,900.00	486,770.86	6,129.14
Unemployment compensation	15,000.00		15,000.00	15,000.00	
Workmen's compensation	220,500.00		220,500.00	211,520.99	8,979.01
Health benefits	6,402,680.00	(883,850.00)	5,518,830.00	5,192,860.62	325,969.38
Tuition reimbursement	34,000.00		34,000.00	34,000.00	
Other employee benefits	4,700.00	371,000.00	375,700.00	374,199.52	1,500.48
Unused sick payment to terminated/retired staff	90,200.00		90,200.00	50,565.00	39,635.00
Total unallocated benefits	7,730,980.00	(547,850.00)	7,183,130.00	6,744,886.53	438,243.47
On-behalf TPAF pension - post retirement medical (non budgeted)				1,202,069.00	(1,202,069.00)
On-behalf TPAF pension contribution (non-budgeted)				3,183,183.00	(3,183,183.00)
On-behalf TPAF non-contributory insurance (non-budgeted)				57,055.00	(57,055.00)
On-behalf TPAF long term disability insurance (non-budgeted)				2,277.00	(2,277.00)
Reimbursed TPAF social security contributions (non-budgeted)				1,256,695.11	(1,256,695.11)
Total undistributed expenditures	20,157,598.42	200,156.91	20,357,755.33	24,513,836.05	(4,156,080.72)
TOTAL EXPENDITURES - CURRENT EXPENSE	36,480,754.42	(34,013.09)	36,446,741.33	39,616,430.03	(3,169,688.70)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures - general administration	5,432.00		5,432.00		5,432.00
Undistributed equipment - support services	22,016.00	15,252.09	37,268.09	37,268.09	
Undistributed equipment - admin. info. tech.	11,666.00	(4,000.00)	7,666.00	3,615.00	4,051.00
Undistributed equipment - custodial services	26,300.00	(300.00)	26,000.00	22,202.60	3,797.40
Grades 9-12					
School sponsored and other instructional program		6,388.00	6,388.00	6,388.00	
Total equipment	65,414.00	17,340.09	82,754.09	69,473.69	13,280.40
Facilities acquisition and construction services:					
Lease purchase agreement principal	337,190.00		337,190.00	301,956.76	35,233.24
Assessment for debt service on SDA funding	13,673.00		13,673.00	13,673.00	
Total facilities acquisition and const. serv.	350,863.00		350,863.00	315,629.76	35,233.24
TOTAL CAPITAL OUTLAY:	\$416,277.00	\$17,340.09	\$433,617.09	\$385,103.45	\$48,513.64

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
CHARTER SCHOOLS:					
Transfer of funds to charter schools	\$31,963.00	\$16,673.00	\$48,636.00	\$48,636.00	
TOTAL EXPENDITURES	36,928,994.42		36,928,994.42	40,050,169.48	(3,121,175.06)
Excess (deficiency) of revenues over (under) expenditures	(\$790,368.42)		(\$790,368.42)	\$2,398,447.32	\$3,188,815.74
Other financing sources (uses):					
Operating transfer in - proprietary fund	50,000.00		50,000.00	30,000.00	(20,000.00)
Operating transfer in - capital projects fund	(108,200.00)		(108,200.00)	173,076.07	173,076.07
Capital reserve - transfer to capital projects fund				(108,200.00)	
Total other financing sources (uses)	(58,200.00)		(58,200.00)	94,876.07	153,076.07
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(848,568.42)		(848,568.42)	2,493,323.39	3,341,891.81
Fund balances, July 1	3,386,902.23		3,386,902.23	3,386,902.23	
Fund balances, June 30	\$2,538,333.81		\$2,538,333.81	\$5,880,225.62	\$3,341,891.81
Recapitulation:					
Assigned - year-end encumbrances				\$83,505.14	
Restricted - capital reserve				2,372,531.47	
Restricted - maintenance reserve				503,300.00	
Restricted - excess surplus - designated for subsequent year's expenditures				741,657.00	
Restricted - excess surplus - current year				1,040,932.20	
Unassigned fund balance				1,138,299.81	
				\$5,880,225.62	
Reconciliation to government fund statements:					
Last federal and state aid payments not recognized on GAAP basis				(1,023,470.00)	
Fund balance per governmental funds (GAAP)				\$4,856,755.62	

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Federal sources	\$791,540.00	\$390,068.00	\$1,181,608.00	\$869,188.20	(\$312,419.80)
Other sources		32,445.03	32,445.03	30,595.03	(1,850.00)
Total revenues	<u>791,540.00</u>	<u>422,513.03</u>	<u>1,214,053.03</u>	<u>899,783.23</u>	<u>(314,269.80)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	212,957.00	17,842.60	230,799.60	226,283.60	4,516.00
Other salaries for instruction	24,000.00	(2,500.00)	21,500.00	11,188.59	10,311.41
Purchased professional services	10,570.00	(10,070.00)	500.00	500.00	
Tuition	420,380.00	80,558.00	500,938.00	500,938.00	
General supplies	6,000.00	19,140.00	25,140.00	1,019.76	24,120.24
Other objects		4,580.00	4,580.00	2,930.00	1,650.00
Total instruction	<u>673,907.00</u>	<u>109,550.60</u>	<u>783,457.60</u>	<u>742,859.95</u>	<u>40,597.65</u>
Support services:					
Other salaries	46,633.00	40,055.40	86,688.40	81,258.25	5,430.15
Personal services - employee benefits	68,500.00	151,529.00	220,029.00	48,100.00	171,929.00
Purchased professional services		7,400.00	7,400.00	900.00	6,500.00
Other purchased services	2,500.00	27,794.00	30,294.00	30,294.00	
Supplies and materials					
Total support services	<u>117,633.00</u>	<u>226,778.40</u>	<u>344,411.40</u>	<u>130,258.25</u>	<u>214,153.15</u>
Facilities acquisition & construction services:					
Construction services		26,865.03	26,865.03	26,665.03	200.00
Total facilities & construction services		<u>86,184.03</u>	<u>86,184.03</u>	<u>26,665.03</u>	<u>59,519.00</u>
Total expenditures	<u>\$791,540.00</u>	<u>\$422,513.03</u>	<u>\$1,214,053.03</u>	<u>\$899,783.23</u>	<u>\$314,269.80</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$42,448,616.80	\$899,783.23
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(8,950.41)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	954,627.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,023,470.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$42,379,773.80</u>	<u>\$890,832.82</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$40,158,369.48	\$899,783.23
Difference - 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 purposes		<u>(8,950.41)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$40,158,369.48</u>	<u>\$890,832.82</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30.	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0406134430%	\$7,762,036.00	\$2,709,296.00	286.50%	48.72%
2014	0.0423187899%	7,923,235.00	2,931,981.00	270.23%	52.08%
2015	0.0436473326%	9,797,952.00	2,990,203.00	327.67%	47.92%
2016	0.0459625805%	13,612,798.00	3,365,790.00	404.45%	40.14%
2017	0.0499103404%	11,618,329.00	3,257,629.00	356.65%	48.10%
2018	0.0464832300%	9,152,316.00	3,234,725.00	282.94%	53.60%
2019	0.0476223308%	8,580,822.00	3,189,924.00	269.00%	56.27%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$348,870.00	\$348,870.00	-0-	\$2,931,981.00	11.90%
2015	375,250.00	375,250.00	-0-	2,990,203.00	12.55%
2016	408,325.00	408,325.00	-0-	3,365,790.00	12.13%
2017	462,366.00	462,366.00	-0-	3,257,629.00	14.19%
2018	462,358.00	462,358.00	-0-	3,234,725.00	14.29%
2019	463,227.00	463,227.00	-0-	3,189,924.00	14.52%
2020	489,894.00	489,894.00	-0-	3,188,200.00	15.37%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1465629035%	\$74,071,739.00	\$13,787,956.00	-0-	537.22%	33.76%
2014	0.1411730251%	75,452,387.00	13,941,775.00	-0-	541.20%	33.64%
2015	0.1491282681%	94,255,434.00	14,895,731.00	-0-	632.77%	28.71%
2016	0.1514489405%	119,139,379.00	15,084,614.00	-0-	789.81%	22.33%
2017	0.1407332414%	100,510,555.00	15,565,685.00	-0-	645.72%	25.41%
2018	0.1505365660%	95,524,531.00	15,391,624.00	-0-	620.63%	26.49%
2019	0.1488616812%	91,357,819.00	15,545,783.00	-0-	587.67%	26.95%

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Measurement Date Ended June 30,	
	2019	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District		
Balance at 6/30	\$67,246,040.00	\$78,672,130.00
Changes for the year:		
Service cost	2,454,354.00	2,836,010.00
Interest	2,662,013.00	2,887,190.00
Differences between expected and actual experience	(9,447,065.00)	(7,696,481.00)
Changes in assumptions or other inputs	924,322.00	(7,716,820.00)
Membership Contributions	56,410.00	62,146.00
Benefit payments - Net	(1,903,002.00)	(1,798,135.00)
Net changes	<u>(5,252,968.00)</u>	<u>(6,024,281.00)</u>
Balance at 6/30	<u>61,993,072.00</u>	<u>78,672,130.00</u>
Covered Employee Payroll	18,735,707.00	18,823,314.00
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	330.88%	417.95%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.87% to 3.50% as of
June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	TITLE I	TITLE II PART A	TITLE III	IDEA PART B BASIC	IDEA PART B PRESCHOOL	LOCAL PROGRAMS	TOTAL 2020
REVENUES:							
Federal sources	\$290,977.79	\$46,600.00	\$17,933.41	\$500,938.00	\$12,739.00	\$30,595.03	\$869,188.20
Other sources							30,595.03
Total revenues	290,977.79	46,600.00	17,933.41	500,938.00	12,739.00	30,595.03	899,783.23
EXPENDITURES:							
Instruction:							
Salaries of teachers	213,132.00		3,784.00		9,367.60		226,283.60
Other salaries for instruction			11,188.59				11,188.59
Purchased professional services						500.00	500.00
Tuition				500,938.00			500,938.00
General supplies	239.58		280.18			500.00	1,019.76
Other objects						2,930.00	2,930.00
Total instruction	213,371.58		15,252.77	500,938.00	9,367.60	3,930.00	742,859.95
Support services:							
Personal services - employee benefits	76,706.21		1,180.64		3,371.40		81,258.25
Purchased professional services		46,600.00	1,500.00				48,100.00
Other purchased services	900.00						900.00
Total support services	77,606.21	46,600.00	2,680.64		3,371.40		130,258.25
Facilities acquisition & construction services:							
Construction Services						26,665.03	26,665.03
Total expenditures	\$290,977.79	\$46,600.00	\$17,933.41	\$500,938.00	\$12,739.00	\$30,595.03	\$899,783.23

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ISSUE / PROJECT TITLE	ORIGINAL DATE	APPROPRIATION	CANCELED / ADJUSTMENTS	EXPENDITURES TO DATE		(MEMO ONLY) UNEXPENDED BALANCE JUNE 30, 2020
				PRIOR YEARS	CURRENT YEAR	
High School Windows	03/21/14	\$2,454,724.00	(\$174,858.76)	\$2,279,865.24		
High School Foods Room	04/15/19	482,200.00	\$2,499.40	35,841.59	\$448,857.81	
Parker School Boiler Replacement	03/11/19	620,000.00		200,253.65	183,773.93	235,972.42
High School Security Upgrade Door 7	06/21/18	100,000.00	244.61	100,244.61		
High School Roof and HVAC	04/28/14	1,511,140.00		1,509,766.26		1,373.74
Hazelwood Security Upgrades	03/21/14	73,820.00	(868.62)	72,951.38		
High School Security Upgrades	03/21/14	275,529.00		272,713.03		2,815.97
Parker School Window & Security Upgrades	03/21/14	321,900.00	(33,674.76)	288,225.24		
Von E. Mauger Security Upgrades	03/21/14	189,694.00		184,695.12		4,998.88
Watchung Security Upgrades	03/21/14	22,725.00	(1,045.81)	21,679.19		
High School Security Cameras	08/20/18	191,312.00		189,737.00		1,575.00
Von E. Mauger Security Cameras	08/20/18	172,245.00		170,670.00		1,575.00
High School HVAC Upgrades	08/06/18	216,443.00		23,249.38		193,193.62
Von E. Mauger HVAC System	01/28/19	780,000.00		221,273.38	474,926.43	83,800.19
Sewer Line	07/18/19	108,200.00	(55,619.40)		52,580.60	
School Bus	07/25/19	101,870.00			101,870.00	
		<u>\$7,621,802.00</u>	<u>(\$263,323.34)</u>	<u>\$5,571,165.07</u>	<u>\$1,262,008.77</u>	<u>\$525,304.82</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REVENUES AND OTHER FINANCING SOURCES:

Transfer from capital outlay/ Capital Reserve	\$108,200.00
Proceeds from Lease Purchase	101,870.00
Interest earned	4,625.73
Other financing source	2,026.70
	<u>2,026.70</u>

Total revenues and other financing sources

216,722.43

EXPENDITURES AND OTHER FINANCING USES:

Purchased professional and technical services	10,690.24
Construction services	1,149,448.53
Equipment	101,870.00
Transfer out - general fund	173,076.07
	<u>173,076.07</u>

Total expenditures and other financing uses

1,435,084.84

Excess (deficiency) of revenues over (under) expenditures

(1,218,362.41)

Fund balance - July 1

1,743,667.23

Fund balance - June 30

\$525,304.82

Reconciliation to GAAP Basis:

Fund Balance June 30 - Budgetary Basis (Exhibit F-2)

\$525,304.82

Less: Unrealized revenue SDA grant

(4,022.58)

Fund Balance June 30 - GAAP Basis (Exhibit B-2)

\$521,282.24

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL WINDOWS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA grant	\$1,089,797.00	(\$81,909.00)	\$1,007,888.00	\$1,007,888.00
Transfer from capital outlay/ capital reserve	1,364,677.00	(89,699.76)	1,274,977.24	1,274,977.24
Transfer from other projects		(3,000.00)	(3,000.00)	(3,000.00)
Total revenues and other financing sources	<u>2,454,474.00</u>	<u>(174,608.76)</u>	<u>2,279,865.24</u>	<u>2,279,865.24</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	132,925.50		132,925.50	132,925.50
Construction services	2,146,939.74		2,146,939.74	2,146,939.74
Total expenditures and other financing uses	<u>2,279,865.24</u>		<u>2,279,865.24</u>	<u>2,279,865.24</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$174,608.76</u>	<u>(\$174,608.76)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-14-1004			
Grant date	3/21/14			
Original authorized cost	\$2,454,724.00			
Additional authorized cost	(174,858.76)			
Revised authorized cost	\$2,279,865.24			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	12/31/15			
Revised target completion date	6/30/17			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL FOODS ROOM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay/ capital reserve	\$482,200.00	(\$500.60)	\$481,699.40	\$481,699.40
Transfer from other projects		3,000.00	3,000.00	3,000.00
Total revenues and other financing sources	482,200.00	2,499.40	484,699.40	484,699.40
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	35,841.59	250.00	36,091.59	36,091.59
Construction services		448,607.81	448,607.81	448,607.81
Total expenditures and other financing uses	35,841.59	448,857.81	484,699.40	484,699.40
Excess (deficiency) of revenues over (under) expenditures	<u>\$446,358.41</u>	<u>(\$446,358.41)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-18-2000			
Grant date	N/A			
Original authorized cost	\$482,200.00			
Additional authorized cost	2,499.40			
Revised authorized cost	\$484,699.40			
Percentage increase over original authorized cost	0.52%			
Percentage completion	100.00%			
Original target completion date	10/31/2019			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - PARKER SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay/ capital reserve	<u>\$620,000.00</u>	<u> </u>	<u>\$620,000.00</u>	<u>\$620,000.00</u>
Total revenues and other financing sources	<u>620,000.00</u>	<u> </u>	<u>620,000.00</u>	<u>620,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	52,734.15	\$903.61	53,637.76	74,900.00
Construction services	<u>147,519.50</u>	<u>182,870.32</u>	<u>330,389.82</u>	<u>545,100.00</u>
Total expenditures and other financing uses	<u>200,253.65</u>	<u>183,773.93</u>	<u>384,027.58</u>	<u>620,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$419,746.35</u>	<u>(\$183,773.93)</u>	<u>\$235,972.42</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-070-19-1000			
Grant date	N/A			
Original authorized cost	\$620,000.00			
Additional authorized cost				
Revised authorized cost	\$620,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	95.00%			
Original target completion date	9/30/2019			
Revised target completion date	10/31/2020			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL SECURITY UPGRADE DOOR 7
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay/ capital reserve	\$100,000.00	(\$5.39)	\$99,994.61	\$99,994.61
Transfer from other projects	250.00		250.00	250.00
Total revenues and other financing sources	100,250.00	(5.39)	100,244.61	100,244.61
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	9,994.61		9,994.61	9,994.61
Construction services	90,250.00		90,250.00	90,250.00
Total expenditures and other financing uses	100,244.61		100,244.61	100,244.61
Excess (deficiency) of revenues over (under) expenditures	<u>\$5.39</u>	<u>(\$5.39)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-18-1000			
Grant date	N/A			
Original authorized cost	\$100,000.00			
Additional authorized cost	244.61			
Revised authorized cost	\$100,244.61			
Percentage increase over original authorized cost	0.24%			
Percentage completion	100.00%			
Original target completion date	9/30/2018			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL ROOF AND HVAC
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA Grant	\$628,979.00		\$628,979.00	\$628,979.00
Transfer from capital outlay/ capital reserve	625,950.00		625,950.00	625,950.00
Transfer from other projects	256,211.00		256,211.00	256,211.00
	<u>1,511,140.00</u>		<u>1,511,140.00</u>	<u>1,511,140.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	125,105.26		125,105.26	122,500.00
Construction services	1,384,661.00		1,384,661.00	1,388,640.00
	<u>1,509,766.26</u>		<u>1,509,766.26</u>	<u>1,511,140.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,373.74</u>	<u>\$-0-</u>	<u>\$1,373.74</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-14-1001			
Grant date	N/A			
Original authorized cost	\$1,494,810.00			
Additional authorized cost	16,330.00			
Revised authorized cost	\$1,511,140.00			
Percentage increase over original authorized cost	1.08%			
Percentage completion	100.00%			
Original target completion date	9/15/14			
Revised target completion date	2/28/15			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HAZELWOOD SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA Grant	\$32,773.00		\$32,773.00	\$32,773.00
Transfer from capital outlay/ capital reserve	41,047.00	(\$868.62)	40,178.38	40,178.38
Total revenues and other financing sources	73,820.00	(868.62)	72,951.38	72,951.38
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	5,915.38		5,915.38	5,915.38
Construction services	67,036.00		67,036.00	67,036.00
Total expenditures and other financing uses	72,951.38		72,951.38	72,951.38
Excess (deficiency) of revenues over (under) expenditures	<u>\$868.62</u>	<u>(\$868.62)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-065-14-1005			
Grant date	3/21/14			
Original authorized cost	\$73,820.00			
Additional authorized cost	(868.62)			
Revised authorized cost	\$72,951.38			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/30/15			
Revised target completion date	6/30/17			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA Grant	\$122,324.00		\$122,324.00	\$122,324.00
Transfer from capital outlay/ capital reserve	153,205.00		153,205.00	153,205.00
Total revenues and other financing sources	<u>275,529.00</u>		<u>275,529.00</u>	<u>275,529.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	19,768.03		19,768.03	22,584.00
Construction services	252,945.00		252,945.00	252,945.00
Total expenditures and other financing uses	<u>272,713.03</u>		<u>272,713.03</u>	<u>275,529.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$2,815.97</u>	<u>\$-0-</u>	<u>\$2,815.97</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-14-1003			
Grant date	3/21/14			
Original authorized cost	\$275,529.00			
Additional authorized cost				
Revised authorized cost	\$275,529.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/30/15			
Revised target completion date	6/30/17			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - PARKER SCHOOL WINDOW AND SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA grant	\$142,910.00	(\$12,964.00)	\$129,946.00	\$129,946.00
Transfer from capital outlay/ capital reserve	178,990.00	(20,710.76)	158,279.24	158,279.24
Total revenues and other financing sources	<u>321,900.00</u>	<u>(33,674.76)</u>	<u>288,225.24</u>	<u>288,225.24</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	23,109.52		23,109.52	23,109.52
Construction services	265,115.72		265,115.72	265,115.72
Total expenditures and other financing uses	<u>288,225.24</u>		<u>288,225.24</u>	<u>288,225.24</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$33,674.76</u>	<u>(\$33,674.76)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-070-14-1006			
Grant date	3/21/14			
Original authorized cost	\$321,900.00			
Additional authorized cost	(33,674.76)			
Revised authorized cost	\$288,225.24			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/30/15			
Revised target completion date	6/30/17			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA grant	\$84,216.00		\$84,216.00	\$84,216.00
Transfer from capital outlay	105,478.00		105,478.00	105,478.00
Total revenues and other financing sources	<u>189,694.00</u>		<u>189,694.00</u>	<u>189,694.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	10,020.42		10,020.42	14,584.00
Construction services	174,674.70		174,674.70	175,110.00
Total expenditures and other financing uses	<u>184,695.12</u>		<u>184,695.12</u>	<u>189,694.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$4,998.88</u>	<u>\$-0-</u>	<u>\$4,998.88</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-085-14-1007			
Grant date	3/21/14			
Original authorized cost	\$189,694.00			
Additional authorized cost				
Revised authorized cost	\$189,694.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/30/15			
Revised target completion date	6/30/17			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - WATCHUNG SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA Grant	\$10,089.00		\$10,089.00	\$10,089.00
Transfer from capital outlay/ capital reserve	12,636.00	(\$1,045.81)	11,590.19	11,590.19
	<u>22,725.00</u>	<u>(1,045.81)</u>	<u>21,679.19</u>	<u>21,679.19</u>
Total revenues and other financing sources				
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	958.19		958.19	958.19
Construction services	20,721.00		20,721.00	20,721.00
	<u>21,679.19</u>		<u>21,679.19</u>	<u>21,679.19</u>
Total expenditures and other financing uses				
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,045.81</u>	<u>(\$1,045.81)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-090-14-1008			
Grant date	3/21/14			
Original authorized cost	\$22,725.00			
Additional authorized cost	(1,045.81)			
Revised authorized cost	\$21,679.19			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/30/15			
Revised target completion date	6/30/17			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL SECURITY CAMERAS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Proceeds from lease purchase	\$191,312.00		\$191,312.00	\$191,312.00
Total revenues and other financing sources	191,312.00		191,312.00	191,312.00
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	189,737.00		189,737.00	191,312.00
Total expenditures and other financing uses	189,737.00		189,737.00	191,312.00
Excess (deficiency) of revenues over (under) expenditures	\$1,575.00	\$-0-	\$1,575.00	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Original authorized cost	\$191,312.00			
Additional authorized cost				
Revised authorized cost	\$191,312.00			
Percentage increase over original authorized cost		N/A		
Percentage completion		100.00%		
Original target completion date		10/31/2018		
Revised target completion date		N/A		

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER SECURITY CAMERAS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Proceeds from lease purchase	\$172,245.00		\$172,245.00	\$172,245.00
Total revenues and other financing sources	172,245.00		172,245.00	172,245.00
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	170,670.00		170,670.00	172,245.00
Total expenditures and other financing uses	170,670.00		170,670.00	172,245.00
Excess (deficiency) of revenues over (under) expenditures	\$1,575.00	\$-0-	\$1,575.00	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Original authorized cost	\$172,245.00			
Additional authorized cost				
Revised authorized cost	\$172,245.00			
Percentage increase over original authorized cost		N/A		
Percentage completion		100.00%		
Original target completion date		10/31/2018		
Revised target completion date		N/A		

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Proceeds from lease purchase	<u>\$216,443.00</u>	<u> </u>	<u>\$216,443.00</u>	<u>\$216,443.00</u>
Total revenues and other financing sources	<u>216,443.00</u>	<u> </u>	<u>216,443.00</u>	<u>216,443.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	23,249.38	<u> </u>	23,249.38	33,700.00
Construction services	<u> </u>	<u> </u>	<u> </u>	<u>182,743.00</u>
Total expenditures and other financing uses	<u>23,249.38</u>	<u> </u>	<u>23,249.38</u>	<u>216,443.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$193,193.62</u>	<u> </u>	<u>\$193,193.62</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-18-3000			
Grant date	N/A			
Original authorized cost	\$216,443.00			
Additional authorized cost				
Revised authorized cost	\$216,443.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	8/31/2019			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER HVAC SYSTEM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Proceeds from lease purchase	\$780,000.00		\$780,000.00	\$780,000.00
Total revenues and other financing sources	780,000.00		780,000.00	780,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	64,754.88	\$4,656.03	69,410.91	120,500.00
Construction services	156,518.50	470,270.40	626,788.90	659,500.00
Total expenditures and other financing uses	221,273.38	474,926.43	696,199.81	780,000.00
Excess (deficiency) of revenues over (under) expenditures	\$558,726.62	(\$474,926.43)	\$83,800.19	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Original authorized cost	\$780,000.00			
Additional authorized cost				
Revised authorized cost	\$780,000.00			
Percentage increase over original authorized cost		N/A		
Percentage completion		100.00%		
Original target completion date		9/30/2019		
Revised target completion date		9/28/2020		

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - SEWER LINE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay/ capital reserve	_____	\$52,580.60	\$52,580.60	\$52,580.60
Total revenues and other financing sources	_____	52,580.60	52,580.60	52,580.60
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	_____	\$4,880.60	4,880.60	4,880.00
Construction services	_____	47,700.00	47,700.00	47,700.00
Total expenditures and other financing uses	_____	52,580.60	52,580.60	52,580.00
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$-0-	\$-0-	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Original authorized cost		\$108,200.00		
Additional authorized cost		(55,619.40)		
Revised authorized cost		\$52,580.60		
Percentage increase over original authorized cost		N/A		
Percentage completion		100.00%		
Original target completion date		9/30/2019		
Revised target completion date		N/A		

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - SCHOOL BUS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Proceeds from lease purchase		\$101,870.00	\$101,870.00	\$101,870.00
Total revenues and other financing sources		101,870.00	101,870.00	101,870.00
EXPENDITURES AND OTHER FINANCING USES:				
Equipment		101,870.00	101,870.00	101,870.00
Total expenditures and other financing uses		101,870.00	101,870.00	101,870.00
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$-0-	\$-0-	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Original authorized cost	\$101,870.00			
Additional authorized cost				
Revised authorized cost	\$101,870.00			
Percentage increase over original authorized cost		N/A		
Percentage completion		100.00%		
Original target completion date		9/30/2019		
Revised target completion date		N/A		

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services in all schools within the school district.

Community School Fund: This fund provides for the operation of a community school program.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>2020</u>
	<u>FOOD SERVICE FUND</u>	<u>COMMUNITY SCHOOL FUND</u>	
ASSETS:			
Current assets:			
Cash and cash equivalents	\$263,318.32	\$162,214.98	\$425,533.30
Accounts receivable:			
State	2,395.54		2,395.54
Federal	8,497.28		8,497.28
Other	923.27	5,475.00	6,398.27
Inventories	14,137.46		14,137.46
Total current assets	<u>289,271.87</u>	<u>167,689.98</u>	<u>456,961.85</u>
Noncurrent assets			
Furniture, machinery & equipment	647,817.29		647,817.29
Less: Accumulated depreciation	<u>(361,410.00)</u>		<u>(361,410.00)</u>
Total noncurrent assets	<u>286,407.29</u>		<u>286,407.29</u>
TOTAL ASSETS	<u>575,679.16</u>	<u>167,689.98</u>	<u>743,369.14</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	18,782.06		18,782.06
Unearned Revenue	<u>30,741.69</u>		<u>30,741.69</u>
Total current liabilities	<u>49,523.75</u>		<u>49,523.75</u>
NET POSITION:			
Net investment in capital assets	286,407.29		286,407.29
Unrestricted	<u>239,748.12</u>	<u>167,689.98</u>	<u>407,438.10</u>
TOTAL NET POSITION	<u>\$526,155.41</u>	<u>\$167,689.98</u>	<u>\$693,845.39</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>2020</u>
	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs	\$226,294.69		\$226,294.69
Daily sales non-reimbursable programs	123,760.00		123,760.00
Daily sales- other	4,041.63		4,041.63
Program fees		\$405,273.73	405,273.73
Total operating revenue	<u>354,096.32</u>	<u>405,273.73</u>	<u>759,370.05</u>
OPERATING EXPENSES:			
Salaries	236,311.72	379,765.14	616,076.86
Employee benefits and taxes	60,350.55	55,130.30	115,480.85
Other purchased services		15,023.11	15,023.11
Management fee	25,000.00		25,000.00
Supplies and materials	16,649.36	11,373.37	28,022.73
Miscellaneous	42,786.48		42,786.48
Depreciation	25,645.20		25,645.20
Cost of food sales - reimbursable programs	273,860.55		273,860.55
Cost of food sales - non-reimbursable programs	25,008.00		25,008.00
Total operating expenses	<u>705,611.86</u>	<u>461,291.92</u>	<u>1,166,903.78</u>
Operating income (loss)	<u>(351,515.54)</u>	<u>(56,018.19)</u>	<u>(407,533.73)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	9,089.44		9,089.44
Federal sources:			
National school lunch program	230,891.52		230,891.52
National school breakfast program	42,388.19		42,388.19
National food distribution commodities	68,321.35		68,321.35
Interest Earned		1,778.36	1,778.36
Total nonoperating revenues	<u>350,690.50</u>	<u>1,778.36</u>	<u>352,468.86</u>
Excess (deficiency) of revenues over (under) expenditures	(825.04)	(54,239.83)	(55,064.87)
Other financing sources (uses):			
Disposal of capital assets	(331.84)		(331.84)
Operating transfers out		(30,000.00)	(30,000.00)
Net income (loss)	(1,156.88)	(84,239.83)	(85,396.71)
Net position - July 1	<u>527,312.29</u>	<u>251,929.81</u>	<u>779,242.10</u>
Net position - June 30	<u>\$526,155.41</u>	<u>\$167,689.98</u>	<u>\$693,845.39</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD</u>	<u>COMMUNITY</u>	<u>2020</u>
	<u>SERVICE</u>	<u>SCHOOL</u>	
Cash flows from operating activities:			
Receipts from customers	\$367,760.29	\$344,451.73	\$712,212.02
Payments to employees	(233,602.32)	(379,765.14)	(613,367.46)
Payments for employee benefits	(59,652.10)	(55,130.30)	(114,782.40)
Payments to suppliers	(418,512.19)	(81,325.17)	(499,837.36)
Net cash provided (used) by operating activities	<u>(344,006.32)</u>	<u>(171,768.88)</u>	<u>(515,775.20)</u>
Cash flows from noncapital financing activities:			
State sources	7,209.63		7,209.63
Federal sources	352,409.37		352,409.37
Net cash provided (used) by noncapital financing activities	<u>359,619.00</u>		<u>359,619.00</u>
Cash flows from investing activities:			
Interest Earned		1,778.36	1,778.36
Net cash provided (used) by investing activities		<u>1,778.36</u>	<u>1,778.36</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(3,931.00)		(3,931.00)
Net cash provided (used) by capital and related financing activities	<u>(3,931.00)</u>		<u>(3,931.00)</u>
Net increase(decrease) in cash and cash equivalents	11,681.68	(169,990.52)	(158,308.84)
Cash and cash equivalents, July 1	<u>251,636.64</u>	<u>332,205.50</u>	<u>583,842.14</u>
Cash and cash equivalents, June 30	<u>\$263,318.32</u>	<u>\$162,214.98</u>	<u>\$425,533.30</u>
Operating income(loss)	(\$351,515.54)	(\$56,018.19)	(\$407,533.73)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	25,645.20		25,645.20
Transfer out- rental fee		(30,000.00)	(30,000.00)
Change in assets and liabilities:			
Increase (Decrease) in unearned revenue	9,898.34	(62,120.00)	(52,221.66)
(Increase) Decrease in inventory	(2,394.81)		(2,394.81)
(Increase) Decrease in prepaid expense		3,759.50	3,759.50
(Increase) Decrease in accounts receivable	(312.55)	(4,177.00)	(4,489.55)
Increase (Decrease) in accounts payable	(25,326.96)	(23,213.19)	(48,540.15)
Net cash provided (used) by operating activities	<u>(\$344,006.32)</u>	<u>(\$171,768.88)</u>	<u>(\$515,775.20)</u>

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

**Unemployment Compensation
Insurance Trust Fund:**

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

Scholarship Trust Fund:

This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.

Student Activity Fund:

This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund:

This agency fund is used to account for the payroll transactions of the school district

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	STATE UNEMPLOYMENT INSURANCE	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY		TOTAL
			STUDENT ACTIVITIES	PAYROLL	
ASSETS:					
Cash and cash equivalents	\$138,023.04	\$97,082.98	\$133,235.55	\$226,679.55	\$595,021.12
Total assets	<u>138,023.04</u>	<u>97,082.98</u>	<u>133,235.55</u>	<u>226,679.55</u>	<u>595,021.12</u>
LIABILITIES:					
Liabilities:					
Payroll deductions & withholdings				226,679.55	226,679.55
Due to student groups			133,235.55		133,235.55
Total liabilities			<u>133,235.55</u>	<u>226,679.55</u>	<u>359,915.10</u>
NET POSITION:					
Reserve for state unemployment	138,023.04				138,023.04
Reserve for scholarships		97,082.98			97,082.98
Total net position	<u>\$138,023.04</u>	<u>\$97,082.98</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$235,106.02</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Board contribution	\$15,000.00		\$15,000.00
Employee contribution	73,830.51		73,830.51
Donations/ Interest earned		\$14,549.65	14,549.65
	<hr/>	<hr/>	<hr/>
Total additions	88,830.51	14,549.65	103,380.16
	<hr/>	<hr/>	<hr/>
DEDUCTIONS:			
State unemployment insurance claims/state taxes	76,451.75		76,451.75
Scholarships awarded		22,125.00	22,125.00
	<hr/>	<hr/>	<hr/>
Total deductions	76,451.75	22,125.00	98,576.75
	<hr/>	<hr/>	<hr/>
Change in net position	12,378.76	(7,575.35)	4,803.41
Net position - July 1	125,644.28	104,658.33	230,302.61
	<hr/>	<hr/>	<hr/>
Net position - June 30	<u>\$138,023.04</u>	<u>\$97,082.98</u>	<u>\$235,106.02</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
STUDENT ACTIVITY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	<u>\$133,388.74</u>	<u>\$138,070.57</u>	<u>\$138,223.76</u>	<u>\$133,235.55</u>
Total assets	<u><u>133,388.74</u></u>	<u><u>138,070.57</u></u>	<u><u>138,223.76</u></u>	<u><u>133,235.55</u></u>
LIABILITIES:				
Due student groups:				
High school	108,691.47	73,740.75	76,513.64	105,918.58
Middle school	<u>24,697.27</u>	<u>64,329.82</u>	<u>61,710.12</u>	<u>27,316.97</u>
Total liabilities	<u><u>\$133,388.74</u></u>	<u><u>\$138,070.57</u></u>	<u><u>\$138,223.76</u></u>	<u><u>\$133,235.55</u></u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	<u>\$40,578.96</u>	<u>\$11,145,730.09</u>	<u>\$10,959,629.50</u>	<u>\$226,679.55</u>
Total assets	<u><u>40,578.96</u></u>	<u><u>11,145,730.09</u></u>	<u><u>10,959,629.50</u></u>	<u><u>226,679.55</u></u>
LIABILITIES:				
Deductions payable	<u>\$40,578.96</u>	<u>\$11,145,730.09</u>	<u>\$10,959,629.50</u>	<u>226,679.55</u>
Total liabilities	<u><u>\$40,578.96</u></u>	<u><u>\$11,145,730.09</u></u>	<u><u>\$10,959,629.50</u></u>	<u><u>\$226,679.55</u></u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2020

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2019</u>	<u>DECREASES</u>	<u>BALANCE JUNE 30, 2020</u>
Refunding School Bonds	12/17/14	\$3,265,000.00	4/15/21 4/15/22	\$440,000.00 435,000.00	4.00% 4.00%	\$1,330,000.00	\$455,000.00	\$875,000.00
						<u>\$1,330,000.00</u>	<u>\$455,000.00</u>	<u>\$875,000.00</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT
JUNE 30, 2020

<u>DESCRIPTION</u>	<u>INTEREST</u> <u>RATE PAYABLE</u>	<u>AMOUNT OF</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2019</u>	<u>ISSUED</u> <u>CURRENT YEAR</u>	<u>RETIRED</u> <u>CURRENT YEAR</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2020</u>
Hazelwood Roof and Windows	1.615%	\$1,751,996.00	\$172,188.49		\$172,188.49	
School Bus	2.970%	101,870.00		\$101,870.00	18,983.08	\$82,886.92
Security Cameras and HVAC	2.899%	1,360,000.00	1,247,389.19		129,768.27	1,117,620.92
Energy Savings Improvement Program	2.597%	5,800,000.00	4,465,689.10		205,807.58	4,259,881.52
			<u>\$5,885,266.78</u>	<u>\$101,870.00</u>	<u>\$526,747.42</u>	<u>\$5,460,389.36</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	2020			
	<u>BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$346,534.00	\$346,534.00	\$346,534.00	
State Aid	161,666.00	161,666.00	161,666.00	
Total revenues	<u>508,200.00</u>	<u>508,200.00</u>	<u>508,200.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	53,200.00	53,200.00	53,200.00	
Redemption of principal	455,000.00	455,000.00	455,000.00	
Total regular debt service-expenditures	<u>508,200.00</u>	<u>508,200.00</u>	<u>508,200.00</u>	
Excess (deficiency) of revenues over (under) expenditures				
Fund balance, July 1				
Fund balance, June 30	<u><u>\$-0-</u></u>	<u><u>\$-0-</u></u>	<u><u>\$-0-</u></u>	<u><u>\$-0-</u></u>

STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 to J-4
Revenue Capacity: These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to 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 to 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.	J-14
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$20,546,566.25	\$19,514,970.20	\$20,026,192.35	\$19,348,522.31	\$17,388,200.78	\$9,003,150.31	\$12,611,749.68	\$11,584,869.75	\$10,454,205.26	\$10,363,179.56
Restricted	5,255,916.38	4,030,961.79	3,627,129.45	3,781,764.84	4,818,999.43	11,803,913.11	6,333,565.30	5,354,819.51	4,607,156.20	2,782,708.88
Unrestricted (Deficit)	(10,558,492.33)	(10,362,053.30)	(10,745,659.44)	(10,213,505.50)	(9,051,922.72)	(8,799,276.54)	(1,037,691.20)	(1,427,250.00)	(1,099,019.28)	(825,771.51)
Total governmental activities net position	\$15,243,990.30	\$13,183,878.69	\$12,907,662.36	\$12,916,781.65	\$13,155,277.49	\$12,007,786.88	\$17,907,623.78	\$15,512,439.26	\$13,962,342.18	\$12,320,116.93
Business-type activities										
Net investment in capital assets	\$286,407.29	\$308,453.33	\$324,699.12	\$346,331.63	\$360,746.34	\$385,556.34	\$388,921.15	\$406,594.19	\$216,700.78	\$141,826.74
Unrestricted	407,438.10	470,788.77	380,429.29	330,939.72	330,318.80	260,204.89	294,833.30	241,589.65	365,096.39	388,705.31
Total business-type activities net position	\$693,845.39	\$779,242.10	\$705,128.41	\$677,271.35	\$691,065.14	\$645,761.23	\$683,754.45	\$648,183.84	\$581,797.17	\$530,532.05
District-wide										
Net investment in capital assets	\$20,832,973.54	\$19,823,423.53	\$20,350,891.47	\$19,694,853.94	\$17,748,947.12	\$9,388,706.65	\$13,000,670.83	\$11,991,463.94	\$10,670,906.04	\$10,505,006.30
Restricted	5,255,916.38	4,030,961.79	3,627,129.45	3,781,764.84	4,818,999.43	11,803,913.11	6,333,565.30	5,354,819.51	4,607,156.20	2,782,708.88
Unrestricted (Deficit)	(10,151,054.23)	(9,891,284.53)	(10,365,230.15)	(9,882,565.78)	(8,721,603.92)	(8,539,071.65)	(742,857.90)	(1,185,660.35)	(733,922.89)	(437,066.20)
Total district net position	\$15,937,835.69	\$13,963,120.79	\$13,612,790.77	\$13,594,053.00	\$13,846,342.63	\$12,653,548.11	\$18,591,378.23	\$16,160,623.10	\$14,544,139.35	\$12,850,648.98

Source: CAFR Schedule A-1

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$17,286,521.80	\$18,790,205.46	\$20,049,695.76	\$17,525,342.37	\$16,311,131.74	\$15,016,376.10	\$13,001,478.56	\$13,904,305.77	\$13,140,213.91	\$12,751,315.03
Special education	7,264,751.17	7,443,636.44	7,607,987.18	7,345,086.14	6,747,664.03	6,029,898.94	4,954,664.85	4,942,647.52	4,718,610.71	4,772,904.06
Other instruction	2,271,038.62	2,998,939.42	2,799,233.64	3,272,758.03	2,763,426.23	2,452,439.85	2,002,444.67	1,997,174.46	1,776,095.13	1,635,725.65
Support services:										
Student and instruction related services	6,452,679.39	7,033,187.63	6,985,193.97	6,728,266.97	6,252,295.31	5,931,517.34	4,702,738.38	4,569,861.03	4,527,175.94	4,351,780.96
General administrative services	1,075,383.61	1,157,412.72	1,192,265.35	1,236,777.44	786,504.60	661,114.60	695,791.94	733,445.74	715,057.93	754,977.19
School administrative services	3,240,934.70	2,642,275.16	2,664,711.02	2,548,677.02	2,261,847.68	2,079,706.60	1,801,361.54	1,722,501.74	1,660,161.98	1,681,519.09
Central services	675,346.78	665,067.36	669,213.18	736,639.16	611,483.59	522,586.27	531,887.36	523,813.65	523,891.70	525,967.34
Administration information technology	133,836.25	456,909.33	462,098.01	508,472.68	437,234.92	393,617.55	313,355.79	306,260.89	292,845.35	268,675.06
Plant operations and maintenance	3,664,384.57	3,911,197.36	3,925,595.51	4,330,737.46	3,633,717.31	3,054,381.90	2,941,205.84	2,731,868.49	2,670,520.93	2,666,533.02
Student transportation services	986,175.18	1,091,738.56	1,035,642.51	992,733.44	1,001,362.60	934,058.29	893,584.13	840,720.40	758,050.42	740,303.65
Interest on long-term debt	49,408.34	64,243.75	82,033.33	97,350.00	111,967.50	192,123.86	203,300.00	219,003.12	239,862.50	257,157.29
Unallocated depreciation	1,158,413.32	1,150,491.23	769,850.22	773,665.56	761,587.13	698,576.39	644,576.26	595,900.70	578,551.56	560,815.75
Total governmental activities expenses	44,258,873.73	47,405,304.42	48,243,519.68	46,096,506.27	41,680,242.64	37,966,397.69	32,686,389.32	33,087,503.51	31,601,038.06	30,967,674.09
Business-type activities:										
Community school	461,291.92	444,496.67	439,557.97	434,990.89	419,047.85	363,775.99	333,608.69	285,162.34	282,951.22	262,572.63
Food service	705,611.86	915,368.47	867,930.75	857,149.46	761,820.90	761,265.14	804,080.84	816,940.37	828,196.07	752,507.65
Total business-type activities expense	1,166,903.78	1,359,865.14	1,307,488.72	1,292,140.35	1,180,868.75	1,125,041.13	1,137,689.53	1,102,102.71	1,111,147.29	1,015,080.28
Total district expenses	\$45,425,777.51	\$48,765,169.56	\$49,551,008.40	\$47,388,646.62	\$42,861,111.39	\$39,091,438.82	\$33,824,078.85	\$34,189,606.22	\$32,712,185.35	\$31,982,754.37
Bodily Injury and Property Damage										
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$9,395,675.93	\$12,283,607.03	\$13,837,638.17	\$12,414,593.85	\$9,323,286.06	\$7,681,072.94	\$3,855,133.52	\$4,218,427.58	\$3,441,522.79	\$3,387,810.24
Total governmental activities program revenues	9,395,675.93	12,283,607.03	13,837,638.17	12,414,593.85	9,323,286.06	7,681,072.94	3,855,133.52	4,218,427.58	3,441,522.79	3,387,810.24
Business-type activities:										
Charges for services										
Community School	405,273.73	527,933.22	455,899.65	486,578.17	489,795.72	391,250.68	396,092.48	312,889.28	334,675.16	309,655.38
Food Service	354,096.32	521,304.95	485,953.39	425,979.42	411,132.24	377,951.64	398,548.00	392,758.55	442,509.83	447,411.69
Operating grants and contributions	350,690.50	432,797.63	442,424.46	414,894.43	374,354.27	362,029.59	442,632.98	461,952.35	424,747.77	367,544.92
Total business-type activities program revenues	1,110,060.55	1,482,035.80	1,384,277.50	1,327,452.02	1,275,282.23	1,131,231.91	1,237,273.46	1,167,600.18	1,201,932.76	1,124,611.99
Total district program revenues	\$10,505,736.48	\$13,765,642.83	\$15,221,915.67	\$13,742,045.87	\$10,598,568.29	\$8,812,304.85	\$5,092,406.98	\$5,386,027.76	\$4,643,455.55	\$4,512,422.23

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NET (EXPENSE)REVENUE										
Governmental activities	(\$34,863,197.80)	(\$35,121,697.38)	(\$34,405,881.51)	(\$33,681,912.42)	(\$32,356,956.58)	(\$30,285,324.75)	(\$28,831,255.80)	(\$28,869,075.93)	(\$28,159,515.27)	(\$27,579,863.85)
Business-type activities	(56,843.23)	122,170.66	76,788.78	35,311.67	94,413.48	6,190.78	99,583.93	65,497.47	90,785.47	109,531.71
Total district-wide net expense	<u>(\$34,920,041.03)</u>	<u>(\$34,999,526.72)</u>	<u>(\$34,329,092.73)</u>	<u>(\$33,646,600.75)</u>	<u>(\$32,262,543.10)</u>	<u>(\$30,279,133.97)</u>	<u>(\$28,731,671.87)</u>	<u>(\$28,803,578.46)</u>	<u>(\$28,068,729.80)</u>	<u>(\$27,470,332.14)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$25,602,375.00	\$24,846,700.00	\$23,968,733.00	\$23,175,230.00	\$22,489,573.00	\$21,957,251.00	\$21,259,663.00	\$20,842,826.00	\$20,434,143.00	\$20,033,474.00
Taxes levied for debt service	346,534.00	362,865.00	379,096.00	390,051.00	397,122.00	455,243.00	441,470.00	458,261.00	473,604.00	487,871.00
Unrestricted grants and contributions	10,611,458.38	9,781,534.03	9,455,626.12	9,237,669.08	9,199,567.08	8,955,454.30	8,903,309.53	8,802,494.53	8,614,739.98	8,091,110.49
Capital grants	(94,873.00)			109,784.80	1,104,475.53	488,375.47	311,552.50			
Canceled receivables	(331.84)	35,677.19	10,252.00	(9,596.17)	(195.58)	(116.87)			(394.47)	
Contributed/Disposal of assets (net)	30,000.00	50,000.00	50,000.00	50,000.00	50,000.00	45,000.00	65,000.00		40,000.00	
Transfers in	428,146.87	321,137.49	533,055.10	490,277.87	263,905.16	246,316.95	245,425.29	315,591.48	279,648.01	213,890.66
Miscellaneous income	36,923,309.41	35,397,913.71	34,396,762.22	33,443,416.58	33,504,447.19	32,147,523.85	31,226,440.32	30,419,173.01	29,841,740.52	28,826,346.15
Total governmental activities										
Business-type activities:										
Miscellaneous income	1,778.36	1,943.03	1,068.28	894.54	890.43	816.00	986.68	889.20	479.65	513.32
Contributed/Disposal of assets (net)	(331.84)									
Transfers out	(30,000.00)	(50,000.00)	(50,000.00)	(50,000.00)	(50,000.00)	(45,000.00)	(65,000.00)		(40,000.00)	
Total business-type activities	<u>(28,553.48)</u>	<u>(48,056.97)</u>	<u>(48,931.72)</u>	<u>(49,105.46)</u>	<u>(49,109.57)</u>	<u>(44,184.00)</u>	<u>(986.68)</u>	<u>(889.20)</u>	<u>(479.65)</u>	<u>(513.32)</u>
Total district-wide	<u>\$36,894,755.93</u>	<u>\$35,349,856.74</u>	<u>\$34,347,830.50</u>	<u>\$33,394,311.12</u>	<u>\$33,455,337.62</u>	<u>\$32,103,339.85</u>	<u>\$31,227,427.00</u>	<u>\$30,420,062.21</u>	<u>\$29,842,220.17</u>	<u>\$28,826,859.47</u>
CHANGE IN NET POSITION										
Governmental activities	\$2,060,111.61	\$276,216.33	(\$9,119.29)	(\$238,495.84)	\$1,147,490.61	\$1,862,199.10	\$2,395,184.52	\$1,550,097.08	\$1,682,225.25	\$1,246,482.30
Business-type activities	(85,396.71)	74,113.69	27,857.06	(13,793.79)	45,303.91	(37,993.22)	100,570.61	66,386.67	91,265.12	110,045.03
Total district	<u>\$1,974,714.90</u>	<u>\$350,330.02</u>	<u>\$18,737.77</u>	<u>(\$252,289.63)</u>	<u>\$1,192,794.52</u>	<u>\$1,824,205.88</u>	<u>\$2,495,755.13</u>	<u>\$1,616,483.75</u>	<u>\$1,773,490.37</u>	<u>\$1,356,527.33</u>

Source: CAFR Schedule A-2

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund:										
Restricted	\$4,658,420.67	\$2,290,692.47	\$3,509,786.19	\$2,968,705.81	\$3,624,835.32	\$4,636,863.16	\$5,234,396.34	\$4,709,629.52	\$3,661,120.46	\$2,064,148.84
Assigned	83,505.14	6,914.42	8,596.00	8,594.04	295,909.32	(32,324.54)	(81,871.20)	(155,974.10)	(143,146.78)	24,162.97
Unassigned	114,829.81	134,668.34	155,668.81							60,351.77
Reserved										
Unreserved	\$4,856,755.62	\$2,432,275.23	\$3,674,051.00	\$2,977,299.85	\$3,920,744.64	\$4,604,538.62	\$5,152,525.14	\$4,553,655.42	\$3,517,973.68	\$2,148,663.58
Total general fund										
All other governmental funds:										
Restricted	\$521,282.24	\$1,743,667.23	\$122,736.84	\$758,290.67	\$585,131.33	\$359,516.74	\$43,170.81	\$239,561.43	\$568,550.62	\$637,926.12
Committed				64,080.57	429,190.99	6,803,108.07	1,095,086.69	604,816.20	423,745.54	131,581.84
Total all other governmental funds	\$521,282.24	\$1,743,667.23	\$122,736.84	\$822,371.24	\$1,014,322.32	\$6,803,108.07	\$1,095,086.69	\$604,816.20	\$423,745.54	\$131,581.84
						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Source: CAFR Schedule B-1

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax levy	\$25,948,909.00	\$25,209,565.00	\$24,347,829.00	\$23,565,281.00	\$22,886,695.00	\$22,412,494.00	\$21,701,153.00	\$21,301,087.00	\$20,907,747.00	\$20,521,345.00
Tuition - individuals	45,750.00	46,826.00	61,775.00	70,179.45	98,537.75	53,625.50	94,478.00	72,846.00	83,551.80	62,325.80
Interest earnings - capital reserve fund									843.42	2,095.65
Miscellaneous	366,692.78	257,719.85	499,052.95	393,624.29	148,073.84	206,550.27	159,147.29	274,022.14	191,599.74	184,456.62
State sources	16,604,298.23	15,506,219.53	14,330,297.97	13,558,002.65	14,139,882.59	12,889,508.62	12,155,289.02	12,166,856.82	10,922,240.84	10,433,891.14
Federal sources	910,659.46	951,718.03	881,340.12	929,158.08	935,790.08	955,341.30	906,506.53	822,788.63	1,097,674.98	1,010,042.18
Total revenue	43,876,309.47	41,972,048.41	40,120,295.04	38,516,245.47	38,208,979.26	36,517,519.69	35,016,573.84	34,637,600.39	33,203,657.78	32,214,156.39
Expenditures										
Instruction										
Regular instruction	10,451,401.14	10,669,846.05	10,356,414.42	9,957,255.66	9,829,459.53	9,634,373.35	9,294,376.65	9,678,259.45	9,080,828.95	9,019,650.56
Special education instruction	4,107,754.29	4,173,255.57	4,009,612.87	3,871,010.56	3,914,109.72	3,834,341.03	3,657,028.61	3,498,346.52	3,256,572.91	3,269,240.37
Other instruction	1,286,148.09	1,644,955.35	1,455,195.49	1,746,396.02	1,597,380.38	1,560,941.89	1,478,731.61	1,428,790.04	1,279,150.13	1,201,642.10
Support Services:										
Tuition	780,417.42	282,735.12	458,022.49	548,308.45	483,093.97	280,230.21	150,710.23	226,880.97	325,584.54	584,657.40
Student and instruction related services	3,983,264.53	4,144,539.07	3,845,979.95	3,746,422.88	3,831,186.37	3,921,058.68	3,542,581.40	3,322,498.51	3,304,401.35	3,186,985.51
General administrative services	905,738.24	970,422.78	930,001.25	935,070.40	668,614.96	577,524.87	594,308.40	618,262.88	598,956.23	650,052.76
School administrative services	1,882,575.63	1,444,275.82	1,384,844.47	1,366,454.17	1,335,936.37	1,325,386.55	1,328,836.05	1,226,029.38	1,181,774.20	1,223,730.05
Central services	503,059.49	498,432.38	435,896.53	447,681.49	443,135.07	411,622.82	413,043.46	394,919.32	390,430.37	399,558.53
Administration information technology	122,924.08	356,594.70	321,163.05	340,308.81	338,945.40	325,379.30	240,635.36	227,249.44	215,548.78	200,808.56
Plant operations and maintenance	3,138,679.97	3,366,940.57	3,124,157.06	3,357,909.54	3,063,196.96	2,664,678.79	2,608,310.91	2,395,383.34	2,301,252.23	2,324,659.64
Student transportation services	929,905.30	1,014,304.07	929,885.40	873,792.57	916,368.85	872,171.23	841,561.74	786,637.14	691,108.60	691,904.95
Unallocated employee benefits	12,446,165.64	12,546,824.39	11,658,765.44	10,357,191.95	9,426,858.17	8,252,975.68	7,556,749.86	8,378,489.57	8,008,889.32	7,389,295.67
Capital outlay	1,664,977.25	1,357,617.92	429,602.18	1,573,488.84	8,666,133.87	4,304,256.61	1,894,524.97	896,040.82	502,279.87	1,080,450.77
Debt service:										
Principal	455,000.00	465,000.00	470,000.00	480,000.00	490,000.00	510,000.00	440,000.00	450,000.00	450,000.00	455,000.00
Interest and other charges	53,200.00	67,150.00	85,950.00	100,350.00	115,050.00	134,800.00	207,425.00	222,050.00	244,550.00	260,475.00
Total expenditures	42,711,211.07	43,002,893.79	39,895,490.60	39,701,641.34	45,119,469.62	38,609,741.01	34,188,824.25	33,749,837.38	31,833,327.48	31,938,111.87
Excess (deficiency) of revenues over (under) expenditures	\$1,165,098.40	(\$1,030,845.38)	\$224,804.44	(\$1,185,395.87)	(\$6,910,490.36)	(\$2,092,221.32)	\$827,749.59	\$687,763.21	\$1,370,330.30	\$276,044.52

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Financing sources (uses)										
Lease purchase (non-budgeted)	\$101,870.00	\$1,360,000.00	(\$277,667.69)	\$967,540.11	1,060,850.00	\$7,551,996.00	\$1,772,450.00	\$1,438,050.00	\$181,769.00	\$51,909.86
Transfers in	311,276.07	1,268,953.67	396,386.93	(917,540.11)	(1,010,850.00)	1,901,283.00	(1,707,450.00)	(1,438,050.00)	415,000.00	(51,909.86)
Transfers out	(281,276.07)	(1,218,953.67)	(346,386.93)			(1,856,283.00)			(375,000.00)	
Canceled receivables	(94,873.00)									
Total other financing sources (uses)	36,997.00	1,410,000.00	(227,667.69)	50,000.00	50,000.00	7,596,996.00	65,000.00	0.00	221,769.00	0.00
Net change in fund balances	\$1,202,095.40	\$379,154.62	(\$2,883.25)	(\$1,135,395.87)	(\$6,860,490.36)	\$5,504,774.68	\$892,749.59	\$887,763.21	\$1,592,099.30	\$276,044.52
Debt service as a percentage of noncapital expenditures	1.24%	1.28%	1.41%	1.52%	1.66%	1.88%	2.00%	2.05%	2.22%	2.32%

Source: CAFR Schedule B-2

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Athletic</u> <u>Receipts</u>	<u>Pay to</u> <u>Participate</u>	<u>Building</u> <u>Usage</u>	<u>Tuition</u> <u>Other LEAs</u>	<u>ESIP</u>	<u>Miscellaneous</u>	<u>Total</u>
2020	\$13,931.59	\$20,283.00	\$40,613.48	\$2,135.00	\$33,422.00	\$1,668.29	\$228,369.07	\$340,422.43
2019	16,313.79	15,255.09	47,663.47	8,920.00	44,897.11	8,196.61	78,734.61	219,980.68
2018	7,766.63	17,346.00	47,939.23	15,802.50	74,977.09	131,021.44	204,200.06	499,052.95
2017	395.29	13,567.00	48,800.00	16,472.50	2,910.00	146,127.45	157,342.05	385,614.29
2016	1,028.45	12,349.35	50,609.45	9,977.50	25,008.60		35,254.89	134,228.24
2015	3,935.05	12,118.90	55,670.00	5,562.50	33,366.90		57,008.24	167,661.59
2014	2,924.60	13,642.40	50,585.00	8,512.50	2,956.80		63,485.99	142,107.29
2013	4,014.87	9,152.65	57,690.00	9,377.50	2,611.80		146,638.66	229,485.48
2012	5,717.10	10,803.00	60,775.00	10,165.00	24,366.00		43,426.69	155,252.79
2011	14,758.59	11,226.75	59,475.00	8,477.50	10,503.20		41,018.31	145,459.35

Source: District Records

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$5,441,600.00	\$391,018,700.00	\$32,251,900.00	\$53,848,200.00	\$9,851,200.00	\$492,411,600.00	\$588,875.00	\$493,000,475.00	\$1,556,360,338.00	\$5.26
2018	5,127,200.00	391,098,400.00	33,801,000.00	54,542,800.00	9,851,200.00	494,420,600.00	600,111.00	495,020,711.00	1,487,917,062.00	5.09
2017	5,550,600.00	390,555,500.00	33,927,000.00	55,601,700.00	9,851,200.00	495,486,000.00	569,584.00	496,055,584.00	1,450,704,937.00	4.91
2016	5,695,800.00	390,126,100.00	33,895,600.00	55,790,200.00	9,851,200.00	495,358,900.00	591,061.00	495,949,961.00	1,406,808,225.00	4.75
2015	5,683,500.00	389,739,400.00	34,104,600.00	55,893,000.00	9,851,200.00	495,271,700.00	585,340.00	495,857,040.00	1,401,134,167.00	4.62
2014	5,613,300.00	390,536,300.00	34,638,700.00	55,893,000.00	9,951,200.00	496,632,500.00	562,779.00	497,195,279.00	1,401,978,308.00	4.51
2013	5,629,100.00	390,609,209.00	34,448,100.00	56,511,400.00	9,845,300.00	497,043,109.00	673,543.00	497,716,652.00	1,447,740,275.00	4.36
2012	5,407,900.00	390,842,000.00	34,689,300.00	56,720,900.00	9,845,000.00	497,505,100.00	663,195.00	498,168,295.00	1,574,200,422.00	4.28
2011	5,540,700.00	390,400,200.00	34,972,100.00	57,578,500.00	9,845,000.00	498,336,500.00	671,846.00	499,008,346.00	1,651,117,355.00	4.19
2010	5,621,500.00	389,852,500.00	35,087,200.00	57,976,200.00	9,845,000.00	498,382,400.00	844,507.00	499,226,907.00	1,692,863,887.00	4.11

Source: District records tax list summary and Municipal Tax Assessor
 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
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Year Ended Dec 31,	Borough of Middlesex Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Middlesex	Middlesex County	
2019	\$5.19	0.07	\$5.26	\$2.68	\$1.23	\$9.17
2018	5.01	0.08	5.09	2.60	1.19	8.88
2017	4.83	0.08	4.91	2.56	1.17	8.64
2016	4.67	0.08	4.75	2.49	1.12	8.36
2015	4.54	0.08	4.62	2.44	1.13	8.18
2014	4.51	0.09	4.60	2.29	1.13	8.02
2013	4.26	0.10	4.36	2.32	1.12	7.80
2012	4.18	0.10	4.28	2.32	1.13	7.73
2011	4.09	0.10	4.19	2.25	1.12	7.56
2010	4.01	0.10	4.11	2.17	1.01	7.29

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2019			2010		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Newchester Construction	\$4,360,000.00	1	0.88%	\$4,338,200.00	1	0.87%
Skyview Estates, Inc.	4,233,700.00	2	0.86%	4,233,700.00	2	0.85%
JT Realty	3,069,000.00	3	0.62%			
207 Pond Ave., LLC	2,848,000.00	4	0.58%	2,718,200.00	6	0.54%
Cedar Rose Associates	2,650,400.00	5	0.54%	3,993,900.00	3	0.80%
Hamiltonian Realty Trust	2,479,000.00	6	0.50%	2,579,000.00	7	0.52%
Noel Homes	2,280,000.00	7	0.46%	2,195,600.00	9	0.44%
Bound Brook Road Corp.	1,796,500.00	8	0.36%			
Hamamatsu Corp.	1,694,600.00	9	0.34%			
The Santelli Family Ltd.	1,274,300.00	10	0.26%			
Teitelbaum, Joseph				3,603,800.00	4	0.72%
Dow Chemical				3,282,000.00	5	0.66%
Main Land Middlesex				2,465,000.00	8	0.49%
Naval Crest Associates				2,143,200.00	10	0.43%
Total	\$26,685,500.00		5.41%	\$31,552,600.00		6.32%

Source: Municipal Tax Assessor

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2020	\$25,948,909.00	\$25,948,909.00	100.00%	\$0.00
2019	25,209,565.00	25,209,565.00	100.00%	0.00
2018	24,347,829.00	24,347,829.00	100.00%	0.00
2017	23,565,281.00	23,565,281.00	100.00%	0.00
2016	22,886,695.00	22,886,695.00	100.00%	0.00
2015	22,412,494.00	22,412,494.00	100.00%	0.00
2014	21,701,153.00	21,701,153.00	100.00%	0.00
2013	21,301,087.00	21,301,087.00	100.00%	0.00
2012	20,907,747.00	20,907,747.00	100.00%	0.00
2011	20,521,345.00	20,521,345.00	100.00%	0.00

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

Note: 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 is the amount voted upon or certified prior to the end of the school year.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Total <u>District</u>	Percentage of Personal <u>Income (a)</u>	<u>Per Capita (a)</u>
	General Obligation <u>Bonds (b)</u>	Purchase <u>Agreements</u>	Lease			
2020	\$875,000.00	\$5,460,389.36		\$6,335,389.36	0.96%	\$463.15
2019	1,330,000.00	5,885,266.78		7,215,266.78	0.85%	527.47
2018	1,795,000.00	5,002,249.72		6,797,249.72	0.90%	497.93
2017	2,265,000.00	5,927,491.02		8,192,491.02	0.71%	602.21
2016	2,745,000.00	6,962,996.00		9,707,996.00	0.58%	713.04
2015	3,235,000.00	7,345,252.41		10,580,252.41	0.52%	773.98
2014	3,875,000.00	85,102.60		3,960,102.60	1.36%	288.93
2013	4,315,000.00	125,571.57		4,440,571.57	1.18%	324.48
2012	4,765,000.00	164,729.71		4,929,729.71	1.08%	360.07
2011	5,215,000.00	63,008.91		5,278,008.91	0.97%	386.36

Source: District CAFR Schedules I-1, I-2

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

(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2020	\$875,000.00		\$875,000.00	0.17748%	\$63.97
2019	1,330,000.00		1,330,000.00	0.26978%	97.23
2018	1,795,000.00		1,795,000.00	0.36261%	131.49
2017	2,265,000.00		2,265,000.00	0.45660%	166.50
2016	2,745,000.00		2,745,000.00	0.55348%	201.62
2015	3,235,000.00		3,235,000.00	0.65241%	236.65
2014	3,875,000.00		3,875,000.00	0.77937%	282.72
2013	4,315,000.00		4,315,000.00	0.86696%	315.31
2012	4,765,000.00		4,765,000.00	0.95650%	348.04
2011	5,215,000.00		5,215,000.00	1.04507%	381.74

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

(a) See Exhibit NJ J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
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			
Middlesex Borough	\$19,185,885.00	100.00%	\$19,185,885.00
Other debt			
Middlesex County	454,074,693.00	1.3275%	6,027,842.00
Middlesex County Utilities Authority	90,423,513.00	1.7400%	<u>1,573,370.00</u>
Subtotal, overlapping debt			\$26,787,097.00
Middlesex Borough School District Direct Debt			<u>1,330,000.00</u>
Total direct and overlapping debt			<u><u>\$28,117,097.00</u></u>

Source: Borough of Middlesex Chief Financial Officer, Middlesex County Treasurer's Office and Middlesex County Utilities Authority.

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

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

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

Legal Debt Margin Calculation for Calendar Year 2019:

Equalized Valuation Basis

Calendar Year	
2019	\$1,540,230,841.00
2018	1,555,760,227.00
2017	1,481,716,507.00
	<u>\$4,577,707,575.00</u>
Average Equalized Valuation of Taxable Property	\$1,525,902,525.00
Debt Limit (4% (a) of average equalization value)	61,036,101.00
Total Net Debt Applicable to Limit	<u>(1,330,000.00)</u>
Legal Debt Margin	<u>\$59,706,101.00</u>

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$61,036,101.00	\$59,891,308.49	\$57,897,477.27	\$56,815,542.35	\$56,107,987.17	\$56,652,709.77	\$56,662,488.13	\$62,678,380.05	\$65,546,191.52	\$67,598,545.76
Total Net Debt Applicable To Limit	1,330,000.00	1,795,000.00	2,265,000.00	2,745,000.00	3,235,000.00	3,745,000.00	4,315,000.00	4,765,000.00	5,215,000.00	5,670,000.00
Legal Debt Margin	<u>\$59,706,101.00</u>	<u>\$58,096,308.49</u>	<u>\$55,632,477.27</u>	<u>\$54,070,542.35</u>	<u>\$52,872,987.17</u>	<u>\$52,907,709.77</u>	<u>\$52,347,488.13</u>	<u>\$57,913,380.05</u>	<u>\$60,331,191.52</u>	<u>\$61,928,545.76</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	2.18%	3.00%	3.91%	4.83%	5.77%	6.61%	7.62%	7.60%	7.96%	8.39%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district, other % limits would be applicable for other district types.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2019	13,679	N/A	N/A	3.50%
2018	13,651	\$833,598,315.00	\$61,065.00	3.80%
2017	13,604	791,371,888.00	58,172.00	4.10%
2016	13,615	769,601,490.00	56,526.00	4.10%
2015	13,670	751,453,570.00	54,971.00	4.90%
2014	13,706	739,507,230.00	53,955.00	6.20%
2013	13,685	718,065,635.00	52,471.00	7.80%
2012	13,691	731,578,585.00	53,435.00	5.90%
2011	13,661	696,287,509.00	50,969.00	5.80%
2010	13,629	645,319,521.00	47,349.00	6.00%

Source:

- (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 was computed using Census Bureau midyear population estimates.
Estimates for 2010-2019 reflect county population.
(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

N/A - Not Available

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

NOT AVAILABLE

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 UNAUDITED

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	141	145	141	146	140	140	142	140	134	131
Special education	80	75	72	68	58	59	59	60	51	60
Support services:										
Student and instruction related services	55	62	52	53	68	54	53	49	48	42
General administrative services	4	4	4	3	3	3	3	3	3	3
School administrative services	18	16	16	16	16	16	16	14	14	14
Plant operations and maintenance	30	31	31	32	30	30	30	28	28	27
Pupil transportation	3	3	3	3	3	3	3	2	2	2
Central services	5	5	5	5	5	5	5	5	5	5
Administration information technology	3	3	3	3	3	3	2	2	2	2
Total	339	344	327	329	326	312	313	303	287	286

Source: District Personnel Records

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2020	2,079	\$40,538,033.82	\$19,498.81	-1.92%	181	10.0	11.0	10.0	2,076	1,969	0.10%	94.85%
2019	2,068	41,113,125.87	19,880.62	7.22%	181	10.0	12.0	10.0	2,074	1,969	-0.38%	94.94%
2018	2,097	38,882,595.42	18,542.01	2.27%	181	10.0	12.0	10.0	2,082	1,982	0.00%	95.20%
2017	2,071	37,547,802.50	18,130.28	4.24%	179	11.0	13.0	10.0	2,082	1,984	0.92%	95.29%
2016	2,061	35,848,285.75	17,393.64	10.02%	180	12.0	11.0	9.0	2,063	1,973	-0.77%	95.64%
2015	2,128	33,642,684.40	15,809.53	6.06%	180	13.0	13.0	11.0	2,079	1,983	-1.42%	95.38%
2014	2,127	31,706,874.28	14,906.85	1.40%	177	14.0	13.0	10.0	2,109	2,016	-1.91%	95.59%
2013	2,189	32,181,746.56	14,701.57	2.50%	166	14.0	13.0	11.0	2,150	2,044	-0.19%	95.07%
2012	2,136	30,636,497.61	14,342.93	-0.45%	163	16.3	12.4	10.5	2,154	2,062	2.09%	95.73%
2011	2,092	30,142,186.10	14,408.31	-1.99%	161	12.6	11.1	10.0	2,110	2,013	-0.28%	95.40%

Sources: District records

Note: Enrollment based on annual October district count.

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

(b) Teaching staff includes only full-time equivalents of certificated staff.

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

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District Buildings										
Elementary School(s):										
Watching School (1916)	26,821	26,821	26,821	26,821	26,821	26,821	26,821	26,821	26,821	26,821
Square Feet	176	176	176	176	176	176	176	176	176	176
Capacity (students)	270	242	212	190	193	208	205	233	246	244
Enrollment										
Parker School (1916)	20,397	20,397	20,397	20,397	20,397	20,397	20,397	20,397	20,397	20,397
Square Feet	171	171	171	171	171	171	171	171	171	171
Capacity (students)	190	215	220	215	213	227	224	227	211	176
Enrollment										
Hazelwood School (1965)	29,482	29,482	29,482	29,482	29,482	29,482	29,482	29,482	29,482	29,482
Square Feet	198	198	198	198	198	198	198	198	198	198
Capacity (students)	232	214	221	226	217	252	256	250	251	239
Enrollment										
Middle School(s):										
Mauger Middle School (1953)	95,177	95,177	95,177	95,177	95,177	95,177	95,177	95,177	95,177	95,177
Square Feet	713	713	713	713	713	713	713	713	713	713
Capacity (students)	769	770	806	835	816	826	819	817	806	796
Enrollment										
High School(s):										
Middlesex High School (1958)	150,527	150,527	150,527	150,527	150,527	150,527	150,527	150,527	150,527	150,527
Square Feet	551	551	551	551	551	551	551	551	551	551
Capacity (students)	618	627	638	605	615	603	608	645	653	665
Enrollment										

Number of Schools at June 30, 2020

Elementary = 3

Middle School = 1

High School = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	Total	Watchung	Parker	Hazelwood	Mauger	High School
2020	\$823,327.68	\$52,154.59	\$48,498.68	\$76,015.99	\$261,772.59	\$384,885.83
2019	924,290.86	48,865.66	123,510.43	86,667.17	277,541.87	387,705.73
2018	706,888.87	42,881.32	44,781.79	100,792.93	266,372.38	252,060.45
2017	527,898.26	35,691.46	41,153.54	63,943.57	171,544.53	215,565.16
2016	986,396.00	38,294.00	55,027.00	85,378.00	223,069.00	584,928.00
2015	631,999.00	37,914.00	44,609.00	50,848.00	220,730.00	277,898.00
2014	590,317.00	39,898.00	50,374.00	52,994.00	172,507.00	274,544.00
2013	540,242.00	40,019.00	42,839.00	57,408.00	167,429.00	232,547.00
2012	522,013.00	31,143.00	50,218.00	61,376.00	176,299.00	202,977.00
2011	471,995.00	22,994.00	46,304.00	62,447.00	134,930.00	205,320.00
2010	454,788.00	21,532.00	39,253.00	57,122.00	148,323.00	188,558.00
Total School Facilities	\$7,180,155.67	\$411,387.03	\$586,568.44	\$754,992.66	\$2,220,518.37	\$3,206,689.17

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

Source: District records

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

	<u>Coverage Amount</u>		<u>Deductible</u>
New Jersey School Boards Association Insurance Group			
Property Coverage:			
Blanket Real and Personal Property	\$500,000,000.00	per occurrence	\$5,000.00
Blanket Extra Expense	50,000,000.00		5,000.00
Blanket Valuable Papers and Records	10,000,000.00		5,000.00
Sublimits:			
Flood, All Other Zones	75,000,000.00	per building per occurrence	500,000.00 10,000.00
Electronic Data Processing:			
Blanket Hardware	1,545,000.00	per occurrence	1,000.00
Equipment Coverage:			
Property Damage	100,000,000.00		5,000.00
Perishable Goods	1,000,000.00		
Expediating Expenses	1,000,000.00		
Hazardous Substance Cleanup	1,000,000.00		
Crime Coverage:			
Faithful Performance Limit	250,000.00		1,000.00
Forgery and Altercation	250,000.00		1,000.00
Money and Securities Limit	50,000.00		500.00
Money Orders/Counterfeit Currency Limit	50,000.00		500.00
Computer Fraud	250,000.00		1,000.00
Public Official Bond Limit - Board Secretary	100,000.00		1,000.00
Public Official Bond Limit - Board Treasurer	270,000.00		1,000.00
General Liability Coverage:			
Bodily Injury and Property Damage	31,000,000.00		
Employee Benefit Liability	31,000,000.00		1,000.00
Sexual Abuse	17,000,000.00		
Terrorism Sub-Limit	1,000,000.00		
Automobile Coverage:			
Bodily Injury and Property Damage	31,000,000.00		1,000.00
Uninsured/Underinsured Motorists	1,000,000.00		
Personal Injury Protection	250,000.00		
Medical Payments	10,000.00		
School Leaders Errors & Omissions Liability:			
Coverage A:	31,000,000.00		5,000.00
Coverage B:	100,000.00	Each Claim	5,000.00
	300,000.00	Policy Limit	
Workers Compensation			
Part One: Workers Compensation:	Statutory		
Part Two: Employers' Liability:			
Bodily Injury By Accident:	3,000,000.00		
Bodily Injury By Disease:	3,000,000.00		
Bodily Injury By Disease:	3,000,000.00		
Illinois Union Insurance Company (Westchester/Chubb)			
Premises Pollution Liability	1,000,000.00	Policy Aggregate	10,000.00 Each Pollution Condition

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Education
Borough of Middlesex School District
County of Middlesex
Middlesex, New Jersey 08846

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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Middlesex School District, in the County of Middlesex, State of New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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.

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the Board of Education of the Borough of Middlesex School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated December 21, 2020.

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.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 21, 2020



SUPLEE, CLOONEY & COMPANY
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Borough of Middlesex School District
County of Middlesex
Middlesex, New Jersey 08846

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; and 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 *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 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.

SUPLEE, CLOONEY & COMPANY

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 year ended June 30, 2020.

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 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 New Jersey OMB 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 and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

December 21, 2020

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTEE/PASS-THROUGH GRANTEE/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2019	ADJUSTMENT	RECEIPTS	BUDGETARY EXPENDITURES	SUBRECEPIENT BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2020	UNEARNED REVENUE	DUE TO GRANTEE
General Fund	83.778	2005NJSMAP	N/A	7/1/19 - 6/30/20	\$41,471.26			\$41,471.26	(\$41,471.26)					
Department of Health and Human Services:														
U.S. Department of Education														
Medicaid Assistance Program (SEMI)														
Total General Fund														
Enterprise Funds														
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Child Nutrition Cluster:														
National School Lunch Program - commodities	10.555	191NJ304N1099	N/A	7/1/18 - 6/30/19	68,098.95	\$4,078.18		64,243.17	(4,078.18)					
National School Lunch Program - commodities	10.555	201NJ304N1099	N/A	7/1/19 - 6/30/20	64,243.17			16,300.17	(64,243.17)					
National School Lunch Program	10.555	191NJ304N1099	N/A	7/1/18 - 6/30/19	309,603.36	(16,300.17)		214,298.88	(214,298.88)					
National School Lunch Program	10.555	201NJ304N1099	N/A	7/1/19 - 6/30/20	214,298.88			11,386.56	(16,592.64)					
National School Lunch Program- Covid 19	10.555	191NJ304N1099	N/A	7/1/18 - 6/30/19	46,518.88	(3,005.42)		3,005.42	(31,898.59)					
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18 - 6/30/19	31,898.59			7,198.40	(10,489.60)					
National School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19 - 6/30/20	10,489.60			348,331.19	(341,601.06)					
Total Child Nutrition Cluster														
Total Enterprise Fund														
Special Revenue Funds														
U.S. Department of Education														
Passed-through State Department of Education:														
E.S.E.A.:														
Title I	84.010	S010A180030	NCLB314019	7/1/18 - 6/30/19	310,763.00	(105,813.00)		105,813.00	(290,977.79)					
Title I	84.010	S010A190030	NCLB314020	7/1/19 - 9/30/20	315,193.00			171,645.00						
Title II - Part A	84.367	S367A180029	NCLB314019	7/1/18 - 6/30/19	64,253.00	(11,700.00)		11,700.00	(46,600.00)					
Title II - Part A	84.367	S367A190029	NCLB314020	7/1/19 - 9/30/20	72,949.00			46,600.00						
Title III	84.365	S365A180030	NCLB314019	7/1/18 - 6/30/19	43,700.00	(1,714.00)		1,714.00	(17,933.41)					
Title III	84.365	S365A190030	NCLB314020	7/1/19 - 9/30/20	41,217.00			16,132.00						
Title III - immigrant	84.365	S365A180030	NCLB314019	7/1/18 - 6/30/19	7,566.00	(373.00)		373.00						
Title III - immigrant	84.365	S365A190030	NCLB314020	7/1/18 - 9/30/20	8,875.00			353,977.00	(355,511.20)					
Total E.S.E.A.:														
I.D.E.A. Part B Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	H027A180100	IDEA314019	7/1/18 - 6/30/19	494,565.00	(76,867.00)		76,867.00	(500,938.00)					
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA314020	7/1/19 - 9/30/20	500,938.00			408,744.00						
I.D.E.A. Part B-Preschool	84.173	H173A180114	IDEA314019	7/1/18 - 6/30/19	12,439.00	(4,114.00)		4,114.00	(12,739.00)					
I.D.E.A. Part B-Preschool	84.173	H173A190114	IDEA314020	7/1/19 - 9/30/20	12,739.00			8,357.00	(513,677.00)					
Total Special Education Cluster														
Coronavirus Aid Relief and Economic Security:														
CARES Act	84.425D	S425D200027	N/A	3/13/20-9/30/22	229,697.00			852,059.00	(669,188.20)					
Total Special Revenue Fund														
Total Expenditures of Federal Awards														

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2019			RECEIPTS	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2020		MEMO CUMULATIVE TOTAL EXPENDITURES
				UNEARNED REVENUE (ACCTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE					UNEARNED REVENUE	(ACCOUNTS RECEIVABLE)	
State Department of Education General Funds: State Aid Cluster: Special Education Categorical Aid Equalization Aid Security Aid Total State Aid Cluster	20-495-034-5120-089 20-495-034-5120-078 20-495-034-5120-084	7/1/19 - 6/30/20 7/1/19 - 6/30/20 7/1/19 - 6/30/20	\$1,286,114.00 8,289,671.00 359,344.00				\$1,157,873.00 7,463,424.00 323,522.00	(\$1,286,114.00) (8,289,671.00) (359,344.00)	\$128,241.00 826,247.00 35,822.00		\$128,241.00 826,247.00 35,822.00		\$1,286,114.00 8,289,671.00 359,344.00 \$9,935,129.00
Transportation Aid Extraordinary Aid Extraordinary Aid Nonpublic School Transportation Aid On-behalf TPAF Pension - post retirement medical On-behalf TPAF non contributory insurance On-behalf TPAF pension contribution On-behalf TPAF long term disability insurance Reimursed TPAF social security contributions Reimursed TPAF social security contributions Total General Fund	20-495-034-5120-014 19-495-034-5120-044 20-495-034-5120-044 19-495-034-5120-044 20-495-034-5120-044 20-495-034-5094-001 20-495-034-5094-004 20-495-034-5094-002 20-495-034-5094-002 19-495-034-5094-003 20-495-034-5094-003	7/1/19 - 6/30/20 7/1/18 - 6/30/19 7/1/18 - 6/30/20 7/1/18 - 6/30/19 7/1/18 - 6/30/20 7/1/19 - 6/30/20 7/1/19 - 6/30/20 7/1/19 - 6/30/20 7/1/19 - 6/30/20 7/1/18 - 6/30/19 7/1/19 - 6/30/20	333,032.00 332,079.00 448,868.00 29,870.00 290.00 1,202,069.00 57,055.00 3,183,183.00 2,277.00 1,100,427.53 1,256,695.11	(6331,308.00) (29,870.00) 29,870.00 290.00 (290.00) (1,202,069.00) (57,055.00) (3,183,183.00) (2,277.00) (55,362.01) (416,540.01)	299,872.00 331,308.00 29,870.00 29,870.00 29,870.00 1,202,069.00 57,055.00 3,183,183.00 2,277.00 55,362.01 1,198,411.45	(333,032.00) (448,868.00) (290.00) (290.00) (290.00) (1,202,069.00) (57,055.00) (3,183,183.00) (2,277.00) (1,256,695.11)	33,160.00 448,868.00 290.00 290.00 290.00 1,202,069.00 57,055.00 3,183,183.00 2,277.00 1,100,427.53 1,256,695.11						333,032.00 332,079.00 448,868.00 29,870.00 290.00 1,202,069.00 57,055.00 3,183,183.00 2,277.00 1,100,427.53 1,256,695.11
Enterprise Fund: Child Nutrition Cluster: State School Lunch Program State School Lunch Program Total Child Nutrition Cluster	19-100-010-3350-023 20-100-010-3350-023	7/1/18 - 6/30/19 7/1/19 - 6/30/20	9,825.45 9,089.44	(615.73) (515.73)	515.73 6,693.90	7,209.63	(9,089.44) (9,089.44)						9,825.45 9,089.44 18,914.89
Total Enterprise Fund													18,914.89
Capital Projects Fund: High School Roof & HVAC High School Window Replacement Hazelwood Security Upgrades High School Security Upgrades Parker School Window and Security Upgrades Von E. Mauger Security Upgrades Watching Security Upgrades	3140-050-14-1001 3140-050-14-1004 3140-065-14-1005 3140-050-14-1003 3140-070-14-1006 3140-085-14-1007 3140-090-14-1008	various various various various various various various	628,979.00 1,089,797.00 32,773.00 122,324.00 142,910.00 84,216.00 10,089.00	(628,979.00) (1,089,797.00) (32,773.00) (122,324.00) (142,910.00) (84,216.00) (10,089.00)	1,007,888.00 32,773.00 122,324.00 129,946.00 10,089.00	81,909.00	(628,979.00)						628,979.00 1,007,888.00 32,773.00 122,324.00 129,946.00 84,216.00 10,089.00
Total Capital Projects Fund													2,016,215.00
Debt Service Fund: Debt Service	20-495-034-5120-075	7/1/19 - 6/30/20	161,666.00		161,666.00		(161,666.00)						161,666.00
Total State Financial Assistance													\$20,077,770.53
Less: On-Behalf amounts not utilized for determination of Major Programs: On-behalf TPAF Pension - post retirement medical On-behalf TPAF non contributory insurance On-behalf TPAF pension contribution On-behalf TPAF long term disability insurance	20-495-034-5094-001 20-495-034-5094-004 20-495-034-5094-002 20-495-034-5094-002	7/1/19 - 6/30/20 7/1/19 - 6/30/20 7/1/19 - 6/30/20 7/1/19 - 6/30/20	1,202,069.00 57,055.00 3,183,183.00 2,277.00		(1,202,069.00) (57,055.00) (3,183,183.00) (2,277.00)		1,202,069.00 57,055.00 3,183,183.00 2,277.00						\$20,077,770.53
Total State Financial Assistance Subject to Single Audit													\$20,077,770.53

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Borough of Middlesex School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Middlesex School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$68,843.00) for the general fund and \$92,877.12 for the capital projects fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$41,471.26	\$16,418,598.11	\$16,460,069.37
Special Revenue Fund	869,188.20		869,188.20
Debt Service Fund		161,666.00	161,666.00
Food Service Fund	341,601.06	9,089.44	350,690.50
Total Awards & Financial Assistance	\$1,252,260.52	\$16,589,353.55	\$17,841,614.07
GAAP Adjustment		24,034.12	24,034.12
Total: GAAP Basis	<u>\$1,252,260.52</u>	<u>\$16,613,387.67</u>	<u>\$17,865,648.19</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post retirement medical benefits and long term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|---|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and listed in Section III of this schedule? | No |
| (4) | Identification of Major Federal Program(s): | |
| | CFDA | |
| | <u>Number</u> <u>Program</u> | |
| | No Child Left Behind: | |
| | 84.010 Title I | |
| (5) | Program Threshold Determination: | |
| | Type A Federal Program Threshold > \$750,000.00 | |
| | Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under the Uniform Guidance? | Yes |

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? No
- (4) Identification of Major State Program(s):
- | <u>Grant Number</u> | <u>Program</u> |
|---------------------|---|
| 495-034-5120-014 | Transportation Aid |
| 495-034-5120-089 | State Aid Cluster:
Special Education Categorical Aid |
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-084 | Security Aid |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under N.J. OMB Circular 15-08? Yes

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Borough of Middlesex School District
Schedule of Prior Year Audit Findings

Not Applicable

