

**SCHOOL DISTRICT
OF THE
BOROUGH OF MADISON**

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

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

**Comprehensive Annual
Financial Report**

of the

Borough of Madison School District

Madison, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

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

BOROUGH OF MADISON SCHOOL DISTRICT
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INTRODUCTORY SECTION

MADISON PUBLIC SCHOOLS



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

Danielle Mancuso, *Business Administrator*

November 8, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Borough of Madison School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for disabled youngsters. The District completed the 2020-2021 fiscal year with an average daily enrollment of 2,477 students, which is a decrease of 120 students from the previous fiscal year's average daily enrollment. This decrease was preceded by a 32 student decrease in the average daily enrollment in the 2019-2020 fiscal year.

2) ECONOMIC CONDITION AND OUTLOOK: After the closure of school districts in March 2020, Madison Public Schools quickly began to plan for the reopening of school per the NJDOE guidance, The Road Back. Madison Public Schools successfully reopened schools in September 2020 and remained open in a modified/hybrid schedule for the totality of the 2020-2021 school year. Challenges that the district faced during the reopening of schools included outdated and inoperable ventilation equipment, capacity restrictions due to social distancing, and increased technology costs to provide an instructional environment for students attending remotely. The district was able to offset some of the reopening costs due to the allocation of federal funding for items such as masks, sanitizer, desk shields, and air purification. Additionally, Madison Public Schools saw a decrease in state aid in July 2020. This caused the district to reduce budgeted staff in order to maintain a balanced budget for fiscal year 2020-2021. The district continues to experience financial constraints as salaries, transportation, and healthcare costs consistently rise at rates that exceed the 2% tax levy increase. With no banked cap savings, the district has had to rely heavily on revenue generation such as facility use agreements, tuition student recruitment efforts, and state allowable funding to exceed the 2% tax levy cap. The district has eliminated all supervisory roles, replaced teacher's aides through attrition, and increased in house special education programs to reduce overall expenses. As the district completes their Long Range Facility Planning, it is evident that the general fund operating budget will not be able to support the substantial facility upgrades that are needed specifically in the areas of ventilation. This will be a crucial component in the upcoming budget as the district will need to determine a funding source for facility upgrades districtwide.

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

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

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

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis.

Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2021.

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

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

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

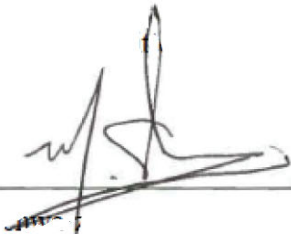
The Board is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group and the Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost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

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable President and Members of
the Board of Education
Borough of Madison School District
Page 4
November 8, 2021

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Madison School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Schwarz', written over a horizontal line.

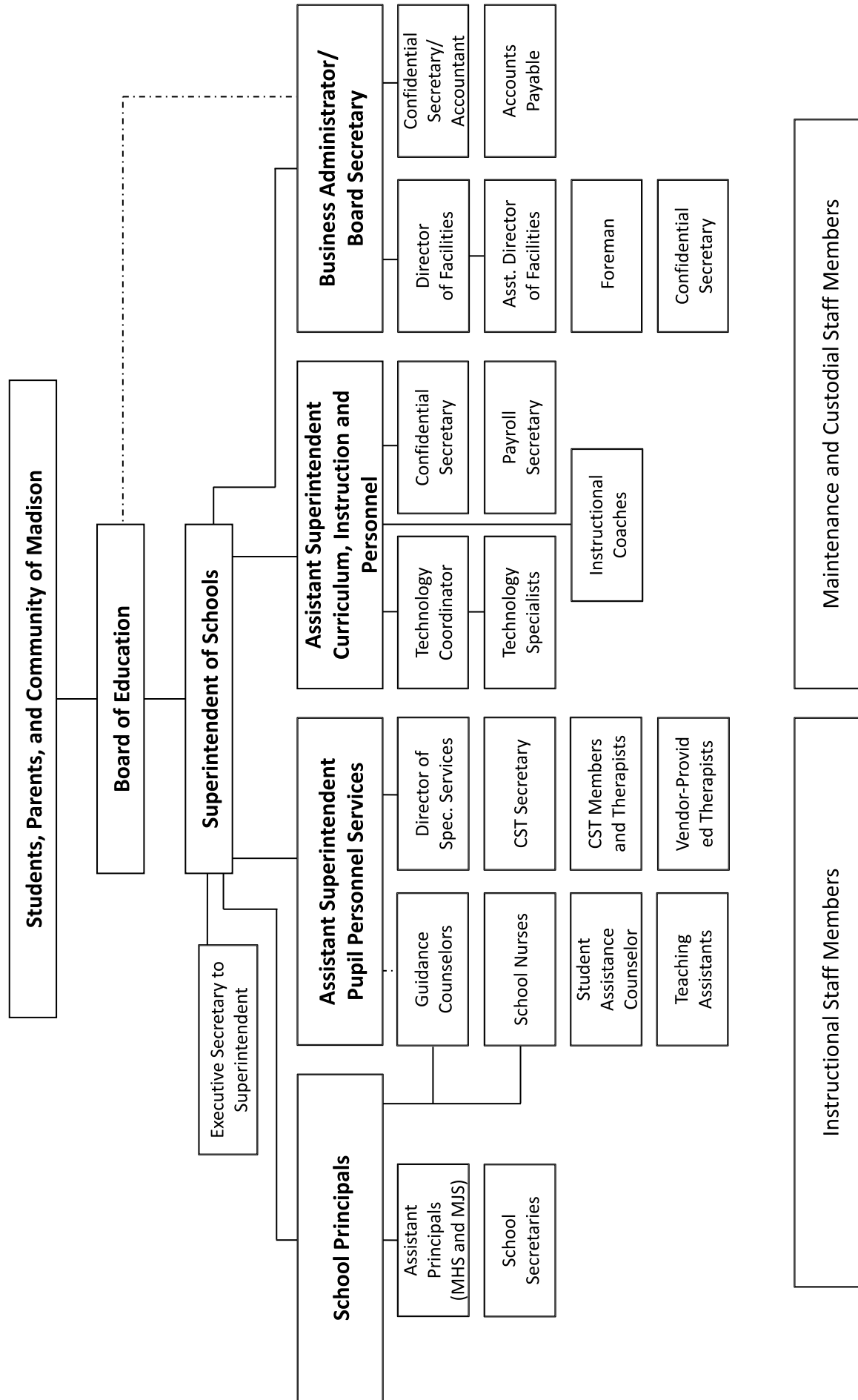
Mark Schwarz
Superintendent

A handwritten signature in blue ink, appearing to read 'Danielle Mancuso', written over a horizontal line.

Danielle Mancuso
School Business Administrator/Board Secretary



MADISON PUBLIC SCHOOLS ORGANIZATIONAL CHART 2020-2021



Instructional Staff Members

Maintenance and Custodial Staff Members

**BOROUGH OF MADISON SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John Regan, President	2022
Pamela Yousey, Vice-President	2023
David Irwin	2023
Sarah Fischer	2021
Thomas J. Piskula	2021
Heather Reddy	2023
Stephen Tindall	2022
Richard Bruno, Harding Township Representative	

<u>Other Officials</u>	<u>Title</u>
Mark Schwarz	Superintendent of Schools
Danielle Mancuso	Business Administrator/Board Secretary
John Griffin	Treasurer of School Monies

**BOROUGH OF MADISON SCHOOL DISTRICT
Consultants and Advisors**

Attorneys

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

Cleary, Giacobbe, Alfieri, Jacobs, LLC
169 Ramapo Valley Road
Oakland, NJ 07436

Fogarty & Hara, ESQS
21-00 Route 208 South
Fair Lawn, NJ 07410

Audit Firm

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

Official Depository

The Provident Bank
98 Main Street
Madison, NJ 07940

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Madison School District in the County of Morris, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 8, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Borough of Madison School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

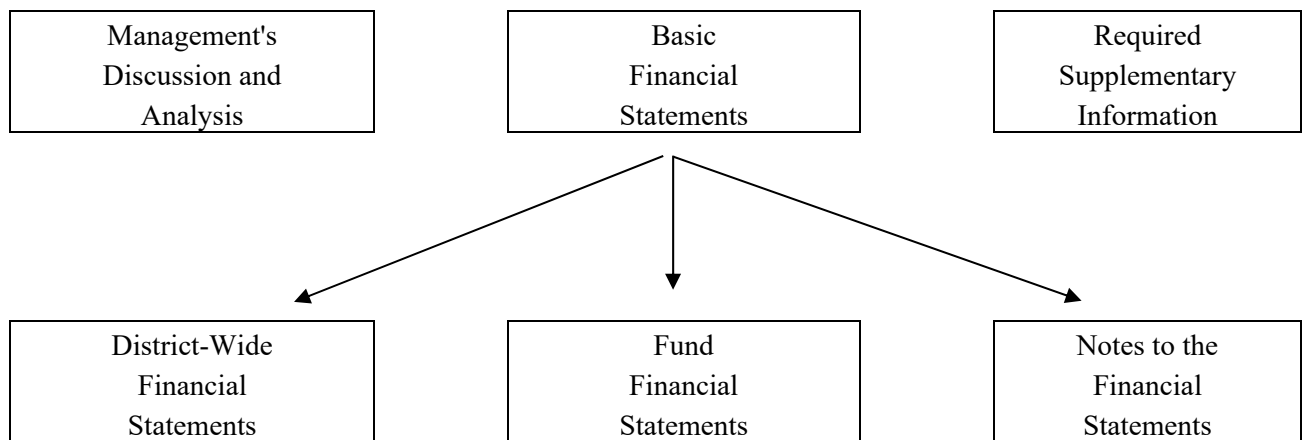


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 6.18%. Net position from governmental activities increased \$1,477,861 and net position from business-type activities decreased by \$271,752. Net investment in capital assets decreased by \$1,360,224, restricted net position increased by \$1,890,620, and unrestricted net position (deficit) increased by \$675,713.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	(Restated) 2019/20	2020/21	(Restated) 2019/20	2020/21	(Restated) 2019/20	
Current and Other Assets	\$ 10,411,629	\$ 7,140,704	\$ 217,571	\$ 431,529	\$ 10,629,200	\$ 7,572,233	
Capital Assets, Net	54,647,517	56,543,568	230,432	257,093	54,877,949	56,800,661	
Total Assets	65,059,146	63,684,272	448,003	688,622	65,507,149	64,372,894	1.76%
Deferred Outflows of Resources	7,011,009	7,855,140			7,011,009	7,855,140	-10.75%
Other Liabilities	1,656,574	1,270,734	91,262	60,129	1,747,836	1,330,863	
Long-Term Liabilities	44,868,126	46,529,023			44,868,126	46,529,023	
Total Liabilities	46,524,700	47,799,757	91,262	60,129	46,615,962	47,859,886	-2.60%
Deferred Inflows of Resources	5,175,522	4,847,583			5,175,522	4,847,583	6.77%
Net Position:							
Net Investment in Capital Assets	25,595,933	26,929,496	230,432	257,093	25,826,365	27,186,589	
Restricted	6,915,442	5,024,822			6,915,442	5,024,822	
Unrestricted (Deficit)	(12,141,442)	(13,062,246)	126,309	371,400	(12,015,133)	(12,690,846)	
Total Net Position	\$ 20,369,933	\$ 18,892,072	\$ 356,741	\$ 628,493	\$ 20,726,674	\$ 19,520,565	6.18%

Changes in Net Position. The District's combined net position was \$20,726,674 on June 30, 2021, \$1,206,109 or 6.18% more than it was last fiscal year (See Figure A-3). Net Investment in Capital Assets decreased primarily due to current year depreciation expense of \$2,221,888, issuance of school refunding bonds of \$23,550,000 and a new capital lease of \$147,954; offset by the current year maturity of serial bonds payable of \$1,540,000, defeasement of serial bonds payable of \$22,145,000, \$28,520 paydown on capital leases payable, current year capital assets additions (net of deletions) of \$299,176 and a net increase in deferred amount on refunding of \$546,922. Restricted net position increased primarily due to the net increase in the capital reserve of \$2,000,887. Unrestricted net position increased due to an increase in unexpended budget appropriations; offset by changes in net pension liability and in related deferred outflows and deferred inflows.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,544,009	\$ 1,940,344	\$ 63,103	\$ 528,387	\$ 2,607,112	\$ 2,468,731	
Grants and Contributions:							
Operating	14,868,985	13,101,450	303,251	95,438	15,172,236	13,196,888	
General Revenue:							
Property Taxes	45,271,029	44,003,249			45,271,029	44,003,249	
Unrestricted State and Federal Aid	746,292	746,100			746,292	746,100	
Other	472,327	589,993			472,327	589,993	
Total Revenue	<u>63,902,642</u>	<u>60,381,136</u>	<u>366,354</u>	<u>623,825</u>	<u>64,268,996</u>	<u>61,004,961</u>	5.35%
Expenses:							
Instruction	36,230,941	35,572,658			36,230,941	35,572,658	
Pupil and Instruction Services	12,693,896	11,823,300			12,693,896	11,823,300	
Administrative and Business	5,588,638	6,100,747			5,588,638	6,100,747	
Maintenance and Operations	4,702,870	4,698,971			4,702,870	4,698,971	
Transportation	1,708,784	1,690,340			1,708,784	1,690,340	
Other	1,788,267	1,277,091	349,491	589,398	2,137,758	1,866,489	
Total Expenses	<u>62,713,396</u>	<u>61,163,107</u>	<u>349,491</u>	<u>589,398</u>	<u>63,062,887</u>	<u>61,752,505</u>	2.12%
Transfers	288,615	776,000	(288,615)	(776,000)	-0-	-0-	
Other				(278)	-0-	(278)	-100.00%
Change in Net Position	<u>\$ 1,477,861</u>	<u>\$ (5,971)</u>	<u>\$ (271,752)</u>	<u>\$ (741,851)</u>	<u>\$ 1,206,109</u>	<u>\$ (747,822)</u>	261.28%

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Activities

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

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

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

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

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

	Total Cost of Services		Net Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 36,230,941	\$ 35,572,658	\$ 22,596,737	\$ 23,554,490
Pupil and Instruction Services	12,693,896	11,823,300	10,147,257	9,933,242
Administrative and Business	5,588,638	6,100,747	4,667,704	5,244,578
Maintenance and Operations	4,702,870	4,698,971	4,702,870	4,698,971
Transportation	1,708,784	1,690,340	1,397,567	1,412,941
Other	1,788,267	1,277,091	1,788,267	1,277,091
	<u>\$ 62,713,396</u>	<u>\$ 61,163,107</u>	<u>\$ 45,300,402</u>	<u>\$ 46,121,313</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$271,752. (Refer to Figure A-4). Factors contributing to these results included:

- Food Service Fund expenses exceeded revenue by \$8,945.
- Integrated Preschool Fund revenue exceeded expenses by \$21,100.
- Summer Program Fund revenue exceeded expenses by \$4,708.
- The District transferred the \$288,615 residual equity in the Kindergarten Wrap-Around Fund to the General Fund to offset the operating costs of the full-time kindergarten program implemented in the fiscal year ending June 30, 2020.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Analysis of the District's Funds

The District's financial position increased by being fiscally responsible and efficient in what discretionary purchases the District makes. However, difficult economic times continue to have a direct impact upon the District. Increasing costs, especially those related to supplies, benefits, energy, salaries and, the costs of the State's new teacher evaluation system and student testing programs continue to burden the District's financial condition. To maintain a stable financial position, the District must continue to practice, on a day-to-day basis, sound fiscal management and review of all purchases.

General Fund Budgetary Highlights

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

Capital Asset and Long-Term Liabilities

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2020/21
	(Restated)		(Restated)		(Restated)		
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Land	\$ 9,072,600	\$ 9,072,600			\$ 9,072,600	\$ 9,072,600	
Land Improvements	1,477,565	1,642,143			1,477,565	1,642,143	
Buildings and Building Improvements	42,327,436	43,924,034			42,327,436	43,924,034	
Machinery and Equipment	1,769,916	1,904,791	\$ 230,432	\$ 257,093	2,000,348	2,161,884	
Total Capital Assets (Net of Depreciation)	\$54,647,517	\$56,543,568	\$ 230,432	\$ 257,093	\$54,877,949	\$56,800,661	-3.39%

The District's overall capital assets, net of depreciation, decreased by \$1,922,712 or 3.39% from the prior fiscal year. (More detailed information about the District's capital assets is presented in Note 7 to the basic financial statements.)

Long-term Liabilities

The District's long-term liabilities decreased by \$1,660,897 or 3.57% from last fiscal year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term Liabilities (Cont'd)

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

	Total School District		Total Percentage Change 2020/21
	2020/21	2019/20	
General Obligation Bonds (Financed with Property Taxes)	\$ 32,425,000	\$ 32,560,000	
Unamortized Bond Issuance Premium	1,260,559	1,319,556	
Net Pension Liability	10,365,580	11,904,377	
Other Long-Term Liabilities	816,987	745,090	
	<u>\$ 44,868,126</u>	<u>\$ 46,529,023</u>	-3.57%

- The District issued refunding school bonds of \$23,550,000.
- The District continued to pay down its debt, retiring \$1,540,000 and advanced refunded \$22,145,000 of 2012 outstanding bonds.
- Unamortized bond issuance premiums decreased by a net amount of \$58,997.
- The District's net pension liability decreased by \$1,538,797.
- The District entered into a \$147,954 capital lease in the current fiscal year and paid down \$28,520 in capital lease principal.
- The District's compensated absences payable decreased by a net amount of \$47,537.

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

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

- The district is preparing to submit the Long Range Facilities Plan to the state which includes \$80 million in outstanding mechanical, engineering, and plumbing costs. Once the plan is submitted, the district will continue to engage the community and stakeholders in moving towards a referendum to address the outstanding capital improvements needed.
- Madison is entering into negotiations this current school year and will need to budget accordingly for salary increases.
- The district continues to explore tuition revenue generation opportunities, including the development of CTE academics in Madison.
- The district is currently utilizing an outside company to hire paraprofessionals through attrition.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,406,675	\$ 134,475	\$ 3,541,150
Receivables from State Government	805,535	3,080	808,615
Receivables from Federal Government	239,049	67,767	306,816
Receivables from Other Governments	22,571		22,571
Other Receivables	22,358		22,358
Inventories		12,249	12,249
Restricted Cash and Cash Equivalents	5,915,441		5,915,441
Capital Assets, Net:			
Sites (Land)	9,072,600		9,072,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	45,574,917	230,432	45,805,349
Total Assets	<u>65,059,146</u>	<u>448,003</u>	<u>65,507,149</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	3,492,850		3,492,850
Deferred Outflows Related to Pensions	2,818,159		2,818,159
District Contribution Subsequent to the Measurement Date - Pensions	700,000		700,000
Total Deferred Outflows of Resources	<u>7,011,009</u>		<u>7,011,009</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,452,672	33,808	1,486,480
Accrued Interest Payable	87,186		87,186
Payable to Federal Government	1,596		1,596
Payable to State Government	65,316		65,316
Unearned Revenue	49,804	57,454	107,258
Noncurrent Liabilities:			
Due Within One Year	2,241,739		2,241,739
Due Beyond One Year	42,626,387		42,626,387
Total Liabilities	<u>46,524,700</u>	<u>91,262</u>	<u>46,615,962</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	5,175,522		5,175,522
Total Deferred Inflows of Resources	<u>5,175,522</u>		<u>5,175,522</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	25,595,933	230,432	25,826,365
Restricted for:			
Capital Projects	3,868,472		3,868,472
Debt Service	1		1
Maintenance Reserve	1,302,497		1,302,497
Unemployment Compensation	243,347		243,347
Excess Surplus	1,000,000		1,000,000
Student Activities	370,676		370,676
Scholarships	130,449		130,449
Unrestricted/(Deficit)	(12,141,442)	126,309	(12,015,133)
Total Net Position	<u>\$ 20,369,933</u>	<u>\$ 356,741</u>	<u>\$ 20,726,674</u>

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

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 26,962,517	\$ 1,600,000	\$ 7,220,786	\$ (18,141,731)		\$ (18,141,731)
Special Education	6,591,547	444,245	3,879,006	(2,268,296)		(2,268,296)
Other Special Instruction	1,415,386		344,645	(1,070,741)		(1,070,741)
School Sponsored/Other Instruction	1,261,491	145,522		(1,115,969)		(1,115,969)
Support Services:						
Tuition	2,632,472		553,080	(2,079,392)		(2,079,392)
Student and Instruction Related Services	10,061,424	354,242	1,639,317	(8,067,865)		(8,067,865)
General Administrative Services	1,828,117		304,724	(1,523,393)		(1,523,393)
School Administrative Services	2,709,345		538,446	(2,170,899)		(2,170,899)
Central Services	571,277		77,764	(493,513)		(493,513)
Administrative Information Technology	479,899			(479,899)		(479,899)
Plant Operations and Maintenance	4,702,870			(4,702,870)		(4,702,870)
Pupil Transportation	1,708,784		311,217	(1,397,567)		(1,397,567)
Transfer of Funds to Charter School	111,654			(111,654)		(111,654)
Interest on Long-Term Debt	1,676,613			(1,676,613)		(1,676,613)
Total Governmental Activities	62,713,396	2,544,009	14,868,985	(45,300,402)		(45,300,402)
Business-Type Activities:						
Food Service	313,441	1,245	303,251		\$ (8,945)	(8,945)
Integrated Preschool		21,100			21,100	21,100
Summer Program	36,050	40,758			4,708	4,708
Total Business-Type Activities	349,491	63,103	303,251		16,863	16,863
Total Primary Government	\$ 63,062,887	\$ 2,607,112	\$ 15,172,236	(45,300,402)	16,863	(45,283,539)

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 43,178,077		\$ 43,178,077
Taxes Levied for Debt Service	2,092,952		2,092,952
Federal, State and Local Aid not Restricted	746,292		746,292
Interest Earnings	51,628		51,628
Miscellaneous Income	420,699		420,699
Transfers	288,615	\$ (288,615)	
Total General Revenues and Transfers	46,778,263	(288,615)	46,489,648
Change in Net Position	1,477,861	(271,752)	1,206,109
Net Position - Beginning (Restated)	18,892,072	628,493	19,520,565
Net Position - Ending	\$ 20,369,933	\$ 356,741	\$ 20,726,674

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

FUND FINANCIAL STATEMENTS

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,406,674		\$ 1	\$ 3,406,675
Interfund Receivable	81,064			81,064
Receivables From State Government	805,535			805,535
Receivables From Federal Government		\$ 239,049		239,049
Receivables From Other Governments	22,571			22,571
Other Accounts Receivables	14,943	7,415		22,358
Restricted Cash and Cash Equivalents	5,414,316	501,125		5,915,441
Total Assets	\$ 9,745,103	\$ 747,589	\$ 1	\$ 10,492,693
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		\$ 81,064		\$ 81,064
Accounts Payable	\$ 703,988	48,684		752,672
Payable to Federal Government		1,596		1,596
Payable to State Government		65,316		65,316
Unearned Revenue		49,804		49,804
Total Liabilities	703,988	246,464		950,452
Fund Balances:				
Restricted:				
Capital Reserve	3,868,472			3,868,472
Maintenance Reserve	1,302,497			1,302,497
Unemployment Compensation	243,347			243,347
Excess Surplus - 2022-2023	500,000			500,000
Excess Surplus - 2021-2022	500,000			500,000
Student Activities		370,676		370,676
Scholarships		130,449		130,449
Debt Service			\$ 1	1
Assigned:				
Other Purposes	425,727			425,727
Unassigned	2,201,072			2,201,072
Total Fund Balances	9,041,115	501,125	1	9,542,241
Total Liabilities and Fund Balances	\$ 9,745,103	\$ 747,589	\$ 1	\$ 10,492,693

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 9,542,241
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	54,647,517
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(1,260,559)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	3,492,850
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(87,186)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(10,365,580)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds	(2,357,363)
Long-Term Liabilities, Including Bonds Payable and Capital Leases Payable, are not Due and Payable in the Current Period and therefore are not Reported as Liabilities in the Funds.	<u>(33,241,987)</u>
Net Position of Governmental Activities	<u>\$ 20,369,933</u>

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

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 43,178,077		\$ 2,092,952	\$ 45,271,029
Tuition from Individuals	84,823			84,823
Tuition from Other LEAs	1,959,422			1,959,422
Rents and Royalties	25,098			25,098
Interest Earned on Maintenance Reserve Funds	2,000			2,000
Interest Earned on Capital Reserve Funds	10,502			10,502
Restricted Miscellaneous Revenue	37,111	\$ 372,131		409,242
Unrestricted Miscellaneous Revenue	335,090	82,358		417,448
PILOT Payments	208,048			208,048
Total - Local Sources	45,840,171	454,489	2,092,952	48,387,612
State Sources	11,732,548	234,674	540,075	12,507,297
Federal Sources	792	843,453		844,245
Total Revenues	57,573,511	1,532,616	2,633,027	61,739,154
EXPENDITURES:				
Current:				
Regular Instruction	15,279,049	285,369		15,564,418
Special Education Instruction	3,523,625			3,523,625
Other Special Instruction	635,624			635,624
School-Sponsored/Other Instruction	1,025,227			1,025,227
Support Services and Undistributed Costs:				
Tuition	2,079,392	553,080		2,632,472
Student and Other Instruction Related Services	5,955,206	921,089		6,876,295
General Administrative Services	1,217,633			1,217,633
School Administrative Services	1,652,543			1,652,543
Central Services	369,678			369,678
Administrative Information Technology	414,163			414,163
Plant Operations and Maintenance	3,787,580			3,787,580
Student Transportation	1,617,035			1,617,035
Unallocated Benefits	16,928,861			16,928,861
Debt Service:				
Principal			1,540,000	1,540,000
Interest and Other Charges			1,093,027	1,093,027
Capital Outlay	317,179			317,179
Transfer of Funds to Charter School	111,654			111,654
Total Expenditures	54,914,449	1,759,538	2,633,027	59,307,014

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 2,659,062	\$ (226,922)		\$ 2,432,140
Other Financing Sources/(Uses):				
Long Term Debt Issued			\$ 23,550,000	23,550,000
Bond Premium			268,271	268,271
Serial Bonds Defeased			(22,145,000)	(22,145,000)
Bond Issuance Costs			(194,475)	(194,475)
Deferred Amount on Refunding			(1,478,796)	(1,478,796)
Capital Leases (Non-Budgeted)	147,954			147,954
Transfer from:				
Enterprise Fund - Kindergarten Wrap-Around	288,615			288,615
Total Other Financing Sources/(Uses)	<u>436,569</u>			<u>436,569</u>
Net Change in Fund Balances	3,095,631	(226,922)		2,868,709
Fund Balance - July 1 (Restated)	<u>5,945,484</u>	<u>728,047</u>	<u>1</u>	<u>6,673,532</u>
Fund Balance - June 30	<u><u>\$ 9,041,115</u></u>	<u><u>\$ 501,125</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 9,542,241</u></u>

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

BOROUGH OF MADISON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 2,868,709
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
Depreciation Expense	\$ (2,195,227)	
Capital Outlays	<u>299,176</u>	(1,896,051)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		21,020
Capital leases entered into by the district are an other financing source in the governmental funds, however, the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		(147,954)
Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		28,520
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		1,540,000
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		327,268
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		
		(931,874)
Proceeds from debt issued for an advanced refunding less the amount of bonds defeased are not recorded in the governmental funds.		
Refunding Bonds Issued	(23,550,000)	
Refunding Bonds Premium	(268,271)	
Deferred Amount on Refunding	1,478,796	
School Bonds Defeased	<u>22,145,000</u>	(194,475)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		1,538,797
Changes in Deferred Outflows		(1,395,697)
Changes in Deferred Inflows		(327,939)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>47,537</u>
Change in Net Position of Governmental Activities		<u>\$ 1,477,861</u>

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

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major Funds</u>	<u>Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 15,105	\$ 119,370	\$ 134,475
Intergovernmental Accounts Receivable:			
State	3,080		3,080
Federal	67,767		67,767
Inventories	12,249		12,249
Total Current Assets	<u>98,201</u>	<u>119,370</u>	<u>217,571</u>
Non-Current Assets:			
Capital Assets	453,520		453,520
Less: Accumulated Depreciation	(223,088)		(223,088)
Total Non-Current Assets	<u>230,432</u>		<u>230,432</u>
Total Assets	<u>328,633</u>	<u>119,370</u>	<u>448,003</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	33,808		33,808
Unearned Revenue - Donated Commodities	2,259		2,259
Unearned Revenue - Prepaid Sales	25,884	29,311	55,195
Total Current Liabilities	<u>61,951</u>	<u>29,311</u>	<u>91,262</u>
Total Liabilities	<u>61,951</u>	<u>29,311</u>	<u>91,262</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	230,432		230,432
Unrestricted	36,250	90,059	126,309
Total Net Position	<u>\$ 266,682</u>	<u>\$ 90,059</u>	<u>\$ 356,741</u>

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

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major Funds</u>	<u>Enterprise Funds</u>
Operating Revenue:			
Charges for Services:			
Program Fees		\$ 61,858	\$ 61,858
Miscellaneous Revenue	\$ 1,245		1,245
Total Operating Revenue	<u>1,245</u>	<u>61,858</u>	<u>63,103</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	120,185		120,185
Salaries	71,433	36,050	107,483
Employee Benefits	38,836		38,836
Purchased Professional and Technical Services	24,893		24,893
Other Purchased Services	11,874		11,874
Supplies and Materials	16,640		16,640
Miscellaneous Expense	2,919		2,919
Depreciation Expense	26,661		26,661
Total Operating Expenses	<u>313,441</u>	<u>36,050</u>	<u>349,491</u>
Operating Income/(Loss)	<u>(312,196)</u>	<u>25,808</u>	<u>(286,388)</u>
Non-Operating Revenue:			
State Sources:			
COVID-19 - Seamless Summer Option	15,453		15,453
Federal Sources:			
COVID-19 - Seamless Summer Option	280,588		280,588
Food Distribution Program	7,210		7,210
Total Non-Operating Income	<u>303,251</u>		<u>303,251</u>
Change in Net Position Before Transfers	<u>(8,945)</u>	<u>25,808</u>	<u>16,863</u>
Transfer to General Fund		<u>(288,615)</u>	<u>(288,615)</u>
Change in Net Position	(8,945)	(262,807)	(271,752)
Net Position - Beginning of Year (Restated)	<u>275,627</u>	<u>352,866</u>	<u>628,493</u>
Net Position - End of Year	<u>\$ 266,682</u>	<u>\$ 90,059</u>	<u>\$ 356,741</u>

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

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major Funds</u>	<u>Enterprise Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 2,260	\$ 88,419	\$ 90,679
Payments to Food Service Contractor	(265,615)		(265,615)
Payments to/for Employees		(45,710)	(45,710)
Payments to Suppliers	(1,535)		(1,535)
Net Cash Provided by/(Used for) Operating Activities	<u>(264,890)</u>	<u>42,709</u>	<u>(222,181)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	12,715		12,715
Federal Sources	234,442		234,442
Transfer to General Fund		(288,615)	(288,615)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>247,157</u>	<u>(288,615)</u>	<u>(41,458)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,733)	(245,906)	(263,639)
Cash and Cash Equivalents, July 1	<u>32,838</u>	<u>365,276</u>	<u>398,114</u>
Cash and Cash Equivalents, June 30	<u>\$ 15,105</u>	<u>\$ 119,370</u>	<u>\$ 134,475</u>
Reconciliation of Operating Income/(Loss) to			
Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (312,196)	\$ 25,808	\$ (286,388)
Adjustment to Reconcile Operating Income/(Loss) to Net			
Cash Provided by/(Used for) Operating Activities:			
Depreciation	26,661		26,661
Food Distribution Program	7,210		7,210
Changes in Assets and Liabilities:			
(Increase) in Inventory	(797)		(797)
Increase/(Decrease) in Accounts Payable	10,958	(9,660)	1,298
Increase in Unearned Revenue	3,274	26,561	29,835
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (264,890)</u>	<u>\$ 42,709</u>	<u>\$ (222,181)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$9,469 and utilized U.S.D.A. Commodities valued at \$7,210.

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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 MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the fiscal year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 57,582,691	\$ 1,527,547
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Prior Year Encumbrances		6,857
Current Year Encumbrances		(1,788)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	164,919	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(174,099)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 57,573,511</u>	<u>\$ 1,532,616</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 54,914,449	\$ 1,754,469
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		
Prior Year Encumbrances		6,857
Current Year Encumbrances		<u>(1,788)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 54,914,449</u>	<u>\$ 1,759,538</u>

E. Cash and Cash Equivalents and Investments:

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

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

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

K. Capital Assets: (Cont'd)

Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are below:

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

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

L. Long-Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month fiscal year, therefore, there are no accrued salaries and wages as of June 30, 2021.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

N. Compensated Absences: (Cont'd)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$9,041,115 General Fund fund balance at June 30, 2021, \$425,727 is assigned for encumbrances; \$3,868,472 is restricted in the capital reserve account; \$1,302,497 is restricted in the maintenance reserve account; \$243,347 is restricted for unemployment compensation; \$500,000 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1 701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; \$500,000 is restricted as current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; and \$2,201,072 is unassigned which is \$174,099 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2022.

Special Revenue Fund: Of the \$501,125 Special Revenue Fund fund balance at June 30, 2021, \$370,676 is restricted for student activities and \$130,449 is restricted for scholarships.

Debt Service Fund: The fund balance in the Debt Service Fund at June 30, 2021 of \$1 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District has excess surplus as outlined above.

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Q. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, capital and maintenance reserves, student activities, scholarships, unemployment compensation and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances in the General Fund at June 30, 2021.

R. Deficit Net Position:

The District has a deficit in unrestricted net position of \$12,141,442 in governmental activities, which is primarily due to unamortized bond premium, compensated absences payable and deferred inflows, outflows and liabilities related to pension. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2021 for the deferred amount on refunding of debt related to the District's 2012, 2015 and 2021 refunding bonds, and deferred outflows and inflows of resources related to pensions.

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

S. Net Position: (Cont'd)

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

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

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Deposits (Cont'd)

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

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

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

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

Investments:

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Unrestricted	Restricted	
Checking and Savings Accounts	\$ 3,541,150	\$ 5,915,441	\$ 9,456,591

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$9,456,591 and the bank balance was \$9,971,800.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1,200,000 in June, 2002 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2020	\$ 1,867,585
Increase by:	
Board Resolution - June 2021	1,993,104
Interest Earned	10,502
Less: Withdrawal as per Board Resolution	<u>(2,719)</u>
Ending Balance, June 30, 2021	<u><u>\$ 3,868,472</u></u>

The balance in the capital reserve account at June 30, 2021 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from capital reserve were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,587,975
Increase by:	
Interest Earned	2,000
Unexpended Balance Returned	373,522
Less: Budgeted Withdrawal	<u>(661,000)</u>
Ending Balance, June 30, 2021	<u><u>\$ 1,302,497</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2021, the District transferred \$28,115 to the capital outlay accounts. \$25,396 was transferred to equipment which did not require County Superintendent approval. The \$2,719 transferred to facilities acquisition and construction services was a Board approved withdrawal from Capital Reserve.

NOTE 7: CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2021 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 9,072,600			\$ 9,072,600
Total Capital Assets Not Being Depreciated	<u>9,072,600</u>			<u>9,072,600</u>
Capital Assets Being Depreciated:				
Land Improvements	3,790,898		\$ (218,406)	3,572,492
Buildings and Building Improvements	65,114,928	\$ 138,426		65,253,354
Machinery and Equipment	5,245,126	160,750		5,405,876
Total Capital Assets Being Depreciated	<u>74,150,952</u>	<u>299,176</u>	<u>(218,406)</u>	<u>74,231,722</u>
Governmental Activities Capital Assets	<u>83,223,552</u>	<u>299,176</u>	<u>(218,406)</u>	<u>83,304,322</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,148,755)	(164,578)	218,406	(2,094,927)
Buildings and Building Improvements	(21,190,894)	(1,735,024)		(22,925,918)
Machinery and Equipment	(3,340,335)	(295,625)		(3,635,960)
	<u>(26,679,984)</u>	<u>(2,195,227)</u>	<u>218,406</u>	<u>(28,656,805)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 56,543,568</u></u>	<u><u>\$ (1,896,051)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 54,647,517</u></u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 453,520			\$ 453,520
Less Accumulated Depreciation	(196,427)	\$ (26,661)		(223,088)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 257,093</u>	<u>\$ (26,661)</u>	<u>\$ -0-</u>	<u>\$ 230,432</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 783,178
Special Education	190,503
Other Instruction	254,003
Support Services	387,607
General Administration	84,668
School Administration	84,668
Central Services	21,167
Administrative Information Technology	21,167
Maintenance/Custodial	280,258
Pupil Transportation	88,008
	<u>\$ 2,195,227</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Issued/ Accrued	Retired/ Matured	Balance 6/30/2021	Due Within One Year
Serial Bonds Payable	\$ 32,560,000	\$ 23,550,000	\$ 23,685,000	\$ 32,425,000	\$ 1,875,000
Unamortized Bond Issuance Premiums	1,319,556	268,271	327,268	1,260,559	327,269
Net Pension Liability	11,904,377		1,538,797	10,365,580	-0-
Capital Lease Payable		147,954	28,520	119,434	28,134
Compensated Absences Payable	745,090	20,920	68,457	697,553	11,336
	<u>\$ 46,529,023</u>	<u>\$ 23,987,145</u>	<u>\$ 25,648,042</u>	<u>\$ 44,868,126</u>	<u>\$ 2,241,739</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2021 is \$1,875,000 and the long-term portion is \$30,550,000. The Debt Service Fund will be used to liquidate bonds payable.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

A. Bonds Payable (Cont'd)

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

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

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

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

On February 24, 2021, the District issued \$23,550,000 of refunding bonds with interest rates ranging from 0.259% to 2.360% to advance refund \$9,320,000 of May 2012 school refunding bonds with interest rates ranging from 2.375% to 4.00% and \$12,825,000 of September 2012 school refunding bonds with interest rates ranging from 3.00% to 4.00%. The refunding bonds mature on December 15, 2021 through 2035 and are callable. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the May 2012 and September 2012 school bonds are called on December 15, 2022. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

As a result of the advance refunding, the District will realize a total of \$1,543,864 in cash savings over the life of the 2021 refunding bond issue. On a net present value basis, the savings equate to \$1,336,641 or 6.04% of the May 2012 and September 2012 school bonds refunded.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

A. Bonds Payable (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

Purpose	Final Maturity	Interest Rate	Amount
School Refunding Bonds	12/15/2022	2.000%-2.250%	\$ 130,000
School Refunding Bonds	12/15/2022	3.000%	2,410,000
School Refunding Bonds	09/15/2035	2.875%-4.000%	6,335,000
School Refunding Bonds	12/15/2035	0.259%-2.360%	23,550,000
			<u>\$ 32,425,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,875,000	\$ 647,267	\$ 2,522,267
2023	1,925,000	598,841	2,523,841
2024	1,960,000	563,717	2,523,717
2025	1,985,000	541,136	2,526,136
2026	2,010,000	514,815	2,524,815
Thereafter:			
2027-2031	10,585,000	2,042,111	12,627,111
2032-2036	12,085,000	805,600	12,890,600
	<u>\$ 32,425,000</u>	<u>\$ 5,713,487</u>	<u>\$ 38,138,487</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$11,336 and is separated from the long-term liability balance of compensated absences of \$686,217. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, \$- is recorded for compensated absences in the Enterprise Funds.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities. The current portion of unamortized bond issuance premiums at June 30, 2021 is \$327,269 and the long-term portion is \$933,290.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$10,365,580. See Note 9 for further information on the PERS.

F. Capital Lease Payable

The District's capital lease relates to the purchase of maintenance trucks. The capital lease totals \$147,954, of which \$28,520 has been liquidated as of June 30, 2021. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the District's one capital lease and the present value of the net minimum lease payments at June 30, 2021.

<u>Year</u>	<u>Amount</u>
2022	\$ 32,887
2023	32,887
2024	32,887
2025	32,888
	<u>131,549</u>
Less: Amount representing interest	<u>(12,115)</u>
Present value of net minimum lease payments	<u>\$ 119,434</u>

The current portion of the capital lease payable at June 30, 2021 in the governmental activities is \$28,134 and the long-term portion is \$91,300. The General Fund will be used to liquidate the capital lease payable in the governmental activities.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$697,146 for fiscal year 2021.

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

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

At June 30, 2021, the District reported a liability of \$10,365,580 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The 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, 2020, the District's proportion was 0.064%, which was a decrease of 0.003% from its proportion measured as of June 30, 2019.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$880,194. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 336,271	
	2017	5.48		\$ 981,186
	2018	5.63		962,613
	2019	5.21		764,452
	2020	5.16		1,631,915
				<u>336,271</u>
Difference Between Expected and Actual Experience	2016	5.57	10,205	
	2017	5.48	29,180	
	2018	5.63		36,657
	2019	5.21	58,435	
	2020	5.16	90,920	
				<u>188,740</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00	(126,843)	
	2017	5.00	(117,640)	
	2018	5.00	28,469	
	2019	5.00	570,318	
				<u>354,304</u>
Changes in Proportion	2016	5.57	25,734	
	2017	5.48	271,022	
	2018	5.63		344,226
	2019	5.21	1,642,088	
	2020	5.16		454,473
				<u>1,938,844</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	700,000	
			<u>\$ 3,518,159</u>	<u>\$ 5,175,522</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (1,300,691)
2022	(1,185,834)
2023	(677,674)
2024	(274,040)
2025	(59,269)
	\$ (3,497,508)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 13,019,630	\$ 10,365,580	\$ 8,071,099

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$5,710,359 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,901,874.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$127,071,928. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The 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, 2020, the District's proportion was 0.193%, which was an increase of 0.001% from its proportion measured as of June 30, 2019.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>127,071,928</u>
Total	\$	<u><u>127,071,928</u></u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$7,901,874 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements. The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	<u>1,411,170,422</u>	
				<u>7,815,939,253</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		<u>7,520,890</u>
				<u>986,767,511</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	<u>965,582,162</u>	
				<u>656,175,235</u>
			<u><u>\$ 9,458,881,999</u></u>	<u><u>\$ 14,424,322,612</u></u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 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-2020.

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 149,260,861	\$ 127,071,928	\$ 108,647,743

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$5,889 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$7,426 for the fiscal year ended June 30, 2021.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Total Nonemployer OPEB Liability

The total nonemployer 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.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases: Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement 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. Post-retirement 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.

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 rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 State's Proportionate Share of the Total OPEB Liability Attributed to the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 73,389,190
Changes for Year:	
Service Cost	2,893,665
Interest on the Total OPEB Liability	2,913,734
Difference between Actual and Expected Experience	(10,912,475)
Changes of Assumptions	1,003,197
Contributions from Members	61,224
Gross Benefit Payments by the State	<u>(2,065,392)</u>
Net Changes	<u>(6,106,047)</u>
Balance at June 30, 2019	<u>\$ 67,283,143</u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
	Total OPEB Liability Attributable to the District	\$ 79,487,980	\$ 67,283,143

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 55,438,311	\$ 67,283,143	\$ 82,963,269

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$1,795,559 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 7,833,118
	2018	9.51		6,737,542
	2019	9.29	\$ 895,210	
			895,210	14,570,660
Differences between Expected and Actual Experience	2018	9.51		6,369,073
	2019	9.29		10,536,677
				16,905,750
Changes in Proportion	N/A	N/A	1,267,320	724,772
			\$ 2,162,530	\$ 32,201,182

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (4,105,970)
2021	(4,105,970)
2022	(4,105,970)
2023	(4,105,970)
2024	(4,105,970)
Thereafter	(10,051,350)
	\$ (30,581,200)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2021 audit report for the Group and the Fund are not available as of the date of this report. Selected, summarized financial information for the Group and the Fund as of June 30, 2021 are as follows:

	<u>Group</u>	<u>Fund</u>
Total Assets	\$ 11,802,954	\$ 51,526,293
Net Position	\$ 8,479,975	\$ 20,539,909
Total Revenue	\$ 4,013,691	\$ 43,264,723
Total Expenses	\$ 2,294,520	\$ 41,642,801
Member Dividends	\$ 1,025,082	\$ -0-
Change in Net Position	\$ 694,089	\$ 1,621,922

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 1,168	\$ 138,329	\$ 102,386	\$ 243,347
2019-2020	1,155	58,771	68,261	206,236
2018-2019	1,269	73,435	87,978	214,571

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 81,064	
Special Revenue Fund		\$ 81,064
	<u>\$ 81,064</u>	<u>\$ 81,064</u>

The General Fund interfund receivable due from the Special Revenue Fund represents an interfund loan at June 30, 2021 due to the timing of grant receipts paid to the District.

NOTE 14. DEFERRED COMPENSATION

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

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

NOTE 15. TAX CALENDAR

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2021:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Proprietary Funds</u>
Due to State of New Jersey			\$ 700,000	\$ 700,000	
Vendors	\$ 587,932	\$ 47,984		635,916	\$ 33,808
Accrued Salaries and Wages	41,091	700		41,791	
Payroll Deductions and Withholdings	74,965			74,965	
	<u>\$ 703,988</u>	<u>\$ 48,684</u>	<u>\$ 700,000</u>	<u>\$ 1,452,672</u>	<u>\$ 33,808</u>

NOTE 17. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>Governmental Funds</u>		
<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
\$ 425,727	\$ 1,788	\$ 427,515

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,788 less than the actual fiscal year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Borough recognized revenue in the amount of \$515,834 from four payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatements would have been \$1,668,280, of which \$1,034,251 would have been for the local school tax. As of June 30, 2021, the District recognized \$208,048 of PILOT payment revenue from the Borough.

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 20. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The District made a prior period adjustment to the capital assets – (\$2,137,938) in its governmental activities and (\$206,236) in its business-type activities – to properly categorize certain assets and agree to the detailed capital assets records. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Governmental Activities:			
Net Position - Ending	\$ 15,819,851	\$ 3,072,221	\$ 18,892,072
Business-type Activities:			
Net Position - Ending	422,322	206,171	628,493
<u>Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	5,739,248	206,236	5,945,484
Special Revenue Fund:			
Fund Balance - June 30	-0-	728,047	728,047
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	206,236	(206,236)	-0-

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0471325568%	0.0516996112%	0.0529656198%	0.0575685356%	0.0543014510%	0.0660675860%	0.0635637166%
District's proportionate share of the net pension liability	\$ 8,824,504	\$ 11,605,527	\$ 15,686,897	\$ 13,401,035	\$ 10,691,685	\$ 11,904,377	\$ 10,365,580
District's covered employee payroll	\$ 3,511,965	\$ 3,592,692	\$ 3,870,729	\$ 3,850,871	\$ 4,011,715	\$ 4,529,853	\$ 4,352,872
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	251.27%	323.03%	405.27%	348.00%	266.51%	262.80%	238.13%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 388,554	\$ 444,478	\$ 470,539	\$ 540,368	\$ 562,387	\$ 668,462	\$ 697,146
Contributions in relation to the contractually required contribution	(388,554)	(444,478)	(470,539)	(540,368)	(562,387)	(668,462)	(697,146)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,592,692	\$ 3,870,729	\$ 3,850,871	\$ 4,011,715	\$ 4,529,853	\$ 4,352,872	\$ 4,016,892
Contributions as a percentage of covered employee payroll	10.82%	11.48%	12.22%	13.47%	12.42%	15.36%	17.36%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1837704429%	0.1831969937%	0.1902641734%	0.1899784903%	0.1921077075%	0.1918570746%	0.1929753219%
State's proportionate share of the net pension liability attributable to the District	\$ 98,219,321	\$ 115,788,323	\$ 149,673,913	\$ 128,090,349	\$ 122,214,797	\$ 117,744,498	\$ 127,071,928
District's covered employee payroll	\$ 18,972,527	\$ 19,192,534	\$ 19,844,835	\$ 19,986,894	\$ 20,041,852	\$ 21,277,553	\$ 20,867,622
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	517.69%	603.30%	754.22%	640.87%	609.80%	553.37%	608.94%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 5,285,122	\$ 7,069,920	\$ 11,245,912	\$ 8,873,451	\$ 7,124,695	\$ 6,944,885	\$ 7,901,874
Contributions in relation to the contractually required contribution	(990,430)	(1,523,329)	(2,062,167)	(2,829,069)	(3,773,365)	(4,232,688)	(5,710,359)
Contribution deficiency/(excess)	<u>\$ 4,294,692</u>	<u>\$ 5,546,591</u>	<u>\$ 9,183,745</u>	<u>\$ 6,044,382</u>	<u>\$ 3,351,330</u>	<u>\$ 2,712,197</u>	<u>\$ 2,191,515</u>
District's covered employee payroll	\$ 19,192,534	\$ 19,844,835	\$ 19,986,894	\$ 20,041,852	\$ 21,277,553	\$ 20,867,622	\$ 21,847,764
Contributions as a percentage of covered employee payroll	5.16%	7.68%	10.32%	14.12%	17.73%	20.28%	26.14%

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

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

	Fiscal Year Ending		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 4,020,436	\$ 3,332,759	\$ 2,893,665
Interest Cost	2,729,412	3,171,406	2,913,734
Difference between Actual and Expected Experience		(8,991,572)	(10,912,475)
Changes in Assumptions	(11,337,090)	(8,421,777)	1,003,197
Member Contributions	73,513	67,824	61,224
Gross Benefit Payments	(1,996,412)	(1,962,401)	(2,065,392)
Net Change in Total OPEB Liability	(6,510,141)	(12,803,761)	(6,106,047)
Total OPEB Liability - Beginning	92,703,092	86,192,951	73,389,190
Total OPEB Liability - Ending	<u>\$ 86,192,951</u>	<u>\$ 73,389,190</u>	<u>\$ 67,283,143</u>
District's Covered Employee Payroll *	\$ 23,715,564	\$ 23,837,765	\$ 24,053,567
Total OPEB Liability as a Percentage of Covered Employee Payroll	363%	308%	280%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of - .37%.

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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. Post-retirement 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 health care trend rates in the valuation as of June 30, 2018 were based on the following:

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

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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 rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 43,178,077		\$ 43,178,077	\$ 43,178,077	
Tuition from Individuals	228,894		228,894	84,823	\$ (144,071)
Tuition from Other LEA's	1,600,000		1,600,000	1,959,422	359,422
Transportation Fees from Individuals	14,300		14,300		(14,300)
Rents and Royalties	50,000		50,000	25,098	(24,902)
Interest Earned on Maintenance Reserve Funds	2,000		2,000	2,000	
Interest Earned on Capital Reserve Funds	3,000		3,000	10,502	7,502
Restricted Miscellaneous Revenue				37,111	37,111
Unrestricted Miscellaneous Revenue	263,000		263,000	335,090	72,090
PILOT Payments	215,000		215,000	208,048	(6,952)
Total - Local Sources	45,554,271		45,554,271	45,840,171	285,900
State Sources:					
Extraordinary Aid	125,000		125,000	672,909	547,909
Excess Nonpublic School Transportation Costs	50,000		50,000	55,261	5,261
Special Education Aid	1,547,725	\$ (211,917)	1,335,808	1,335,808	
Security Aid	205,379		205,379	205,379	
Transportation Aid	255,898		255,898	255,898	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,823,586	1,823,586
On-Behalf TPAF Pension Contributions (Non-Budgeted)				5,710,359	5,710,359
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				108,647	108,647
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				3,768	3,768
TPAF Social Security (Reimbursed - Non-Budgeted)				1,570,113	1,570,113
Total State Sources	2,184,002	(211,917)	1,972,085	11,741,728	9,769,643
Federal Sources:					
Medicaid Assistance Program	25,847		25,847	792	(25,055)
Total - Federal Sources	25,847		25,847	792	(25,055)
Total Revenues	47,764,120	(211,917)	47,552,203	57,582,691	10,030,488

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
REGULAR PROGRAMS - INSTRUCTION:					
Kindergarten - Salaries of Teachers	\$ 456,107	\$ (66,881)	\$ 389,226	\$ 346,383	\$ 42,843
Grades 1-5 - Salaries of Teachers	4,692,268	(132,270)	4,559,998	4,546,907	13,091
Grades 6-8 - Salaries of Teachers	2,981,089	28,904	3,009,993	3,009,993	
Grades 9-12 - Salaries of Teachers	4,985,213	(124,554)	4,860,659	4,855,823	4,836
Regular Programs - Home Instruction:					
Salaries of Teachers	40,000	(2,098)	37,902	31,801	6,101
Purchased Professional-Educational Services	84,535	12,922	97,457	93,159	4,298
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	830,400	674,567	1,504,967	1,461,403	43,564
Other Purchased Services (400-500 series)	175,285	(334)	174,951	162,330	12,621
General Supplies	645,683	85,222	730,905	659,170	71,735
Textbooks	102,191	15,000	117,191	108,884	8,307
Other Objects	10,972	(2,200)	8,772	3,196	5,576
TOTAL REGULAR PROGRAMS - INSTRUCTION	15,003,743	488,278	15,492,021	15,279,049	212,972
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
General Supplies	12,000		12,000	11,884	116
Total Learning and/or Language Disabilities	12,000		12,000	11,884	116
Behavioral Disabilities:					
Salaries of Teachers	55,571	(55,571)	2,000		2,000
General Supplies	2,000		2,000		2,000
Total Behavioral Disabilities	57,571	(55,571)	2,000		2,000
Resource Room/Resource Center:					
Salaries of Teachers	3,093,422	(18,899)	3,074,523	3,067,144	7,379
General Supplies	11,000		11,000	10,917	83
Textbooks	1,000		1,000	1,000	
Total Resource Room/Resource Center	3,105,422	(18,899)	3,086,523	3,079,061	7,462

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION:					
Autism:					
Salaries of Teachers	\$ 191,518	\$ (60,421)	\$ 131,097	\$ 131,097	
Other Salaries for Instruction	25,605.00		25,605	25,605	
Purchased Professional - Educational Services	2,500		2,500		\$ 2,500
General Supplies	8,000		8,000	6,775	1,225
Total Autism	227,623	(60,421)	167,202	163,477	3,725
Preschool Disabilities - Part-Time:					
Salaries of Teachers	56,376	83,605	139,981	139,981	
Other Salaries for Instruction	52,691	(52,691)			
General Supplies	1,500		1,500	970	530
Total Preschool Disabilities - Part-Time	110,567	30,914	141,481	140,951	530
Preschool Disabilities - Full-Time:					
Salaries of Teachers	128,252		128,252	128,252	
Total Preschool Disabilities - Full-Time	128,252		128,252	128,252	
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,641,435	(103,977)	3,537,458	3,523,625	13,833
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	374,151	49,596	423,747	423,747	
Total Basic Skills/Remedial - Instruction	374,151	49,596	423,747	423,747	
Bilingual Education - Instruction:					
Salaries of Teachers	293,331		293,331	211,877	81,454
Total Bilingual Education - Instruction	293,331		293,331	211,877	81,454

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School Sponsored Cocurricular Activities:					
Salaries	\$ 264,994	\$ 138	\$ 265,132	253,141	\$ 11,991
Purchased Services (300-500 Series)	24,000		24,000	14,466	9,534
Supplies and Materials	19,279		19,279	13,960	5,319
Total School-Sponsored Cocurricular Activities	308,273	138	308,411	281,567	26,844
School-Sponsored Athletics:					
Salaries	635,659		635,659	585,682	49,977
Purchased Services (300-500 Series)	177,486	(32,775)	144,711	120,897	23,814
Supplies and Materials	76,105		76,105	33,073	43,032
Other Objects	8,970		8,970	4,008	4,962
Total School-Sponsored Athletics	898,220	(32,775)	865,445	743,660	121,785
Total Instruction	20,519,153	401,260	20,920,413	20,463,525	456,888
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	197,125	(8,262)	188,863	158,061	30,802
Tuition to County Vo. School District-Regular	173,750	72,704	246,454	246,454	
Tuition to County Vo. School District-Special	111,700	(64,442)	47,258	7,711	39,547
Tuition to Private Schools for the Handicapped Within State	2,500,831		2,500,831	1,667,166	833,665
Total Undistributed Expenditures - Instruction	2,983,406		2,983,406	2,079,392	904,014
Undistributed Expenditures - Health Services:					
Salaries	486,608	11,497	498,105	498,105	
Purchased Professional and Technical Services	5,500	3,901	9,401		9,401
Other Purchased Services	1,362		1,362	1,194	168
Supplies and Materials	9,987	5,623	15,610	12,858	2,752
Total Undistributed Expenditures - Health Services	503,457	21,021	524,478	512,157	12,321

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	\$ 589,076	\$ 136,935	\$ 726,011	\$ 726,011	
Purchased Professional - Educational Services	450,289	(10,860)	439,429	377,831	\$ 61,598
Supplies and Materials	6,826		6,826	6,696	130
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>1,046,191</u>	<u>126,075</u>	<u>1,172,266</u>	<u>1,110,538</u>	<u>61,728</u>
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Salaries	1,169,427	(198,044)	971,383	938,797	32,586
Purchased Professional - Educational Services	70,975		70,975	22,112	48,863
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Serv.	<u>1,240,402</u>	<u>(198,044)</u>	<u>1,042,358</u>	<u>960,909</u>	<u>81,449</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	875,284	(113,455)	761,829	761,829	
Salaries of Secretarial and Clerical Assistants	83,987	4,568	88,555	88,079	476
Purchased Professional - Educational Services	800		800	438	362
Other Purchased Services	2,499		2,499	2,499	
Supplies and Materials	1,900		1,900	592	1,308
Other Objects	3,645		3,645	527	3,118
Total Undist. Expend. - Guidance	<u>968,115</u>	<u>(108,887)</u>	<u>859,228</u>	<u>851,465</u>	<u>7,763</u>
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	1,352,843	7,480	1,360,323	1,271,648	88,675
Salaries of Secretarial and Clerical Assistants	66,305		66,305	66,305	
Other Purchased Professional and Technical Services	103,155	(8,128)	95,027	71,033	23,994
Other Purchased Services (400-500 series)	3,000		3,000	1,120	1,880
Supplies and Materials	20,701		20,701	16,429	4,272
Other Objects	6,285		6,285	4,407	1,878
Total Undist. Expend. - Child Study Teams	<u>1,552,289</u>	<u>(648)</u>	<u>1,551,641</u>	<u>1,430,942</u>	<u>120,699</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 566,350	\$ 3,107	\$ 569,457	\$ 509,210	\$ 60,247
Other Purchased Services	22,985		22,985	9,422	13,563
Supplies and Materials	200,115	(15,000)	185,115	162,025	23,090
Other Objects	11,301		11,301	5,691	5,610
Total Undist. Expend. - Improvement of Instructional Services	<u>800,751</u>	<u>(11,893)</u>	<u>788,858</u>	<u>686,348</u>	<u>102,510</u>
Undist. Expend. - Educational Media Services/School Library:					
Salaries	257,663	61,950	319,613	233,541	86,072
Salaries of Technology Coordinators	129,892		129,892	129,892	
Supplies and Materials	64,395		64,395	39,414	24,981
Total Undist. Expend. - Educational Media Services/School Library	<u>451,950</u>	<u>61,950</u>	<u>513,900</u>	<u>402,847</u>	<u>111,053</u>
Undist. Expend. - Support Services - General Administration:					
Salaries	669,734	33,800	703,534	703,534	
Legal Services	174,544		174,544	155,645	18,899
Audit Fees	47,000		47,000	45,255	1,745
Architectural/Engineering Services	104,304	(4,216)	100,088	40,185	59,903
Other Purchased Professional Services	81,950	(40,611)	41,339	22,134	19,205
Communications/Telephone	175,000	2,167	177,167	97,980	79,187
BOE Other Purchased Services	6,000		6,000	150	5,850
Miscellaneous Purchased Services	21,000		21,000	20,254	746
General Supplies	4,249	(120)	4,129	1,672	2,457
Miscellaneous Expenditures	127,246	(2,047)	125,199	113,459	11,740
BOE Membership Dues and Fees	18,500		18,500	17,365	1,135
Total Undist. Expend. - Support Services - General Administration	<u>1,429,527</u>	<u>(11,027)</u>	<u>1,418,500</u>	<u>1,217,633</u>	<u>200,867</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,097,699	\$ (104,649)	\$ 993,050	\$ 993,049	\$ 1
Salaries of Secretarial and Clerical Assistants	544,894	113,859	658,753	611,840	46,913
Other Purchased Services	11,885	(4,592)	7,293	7,293	
Supplies and Materials	53,782	(7,516)	46,266	40,361	5,905
Total Undist. Expend. - Support Serv. - School Administration	<u>1,708,260</u>	<u>(2,898)</u>	<u>1,705,362</u>	<u>1,652,543</u>	<u>52,819</u>
Undist. Expend. - Central Services:					
Salaries	452,719		452,719	349,249	103,470
Purchased Professional Services	4		4		4
Miscellaneous Purchased Services	22,741	3,563	26,304	17,614	8,690
Supplies and Materials	3,000	(185)	2,815	2,815	
Miscellaneous Expenditures	1,500		1,500		1,500
Total Undist. Expend. - Central Services	<u>479,964</u>	<u>3,378</u>	<u>483,342</u>	<u>369,678</u>	<u>113,664</u>
Undist. Expend. - Administrative Information Technology:					
Salaries	199,097	1,249	200,346	200,346	
Purchased Technical Services	273,664	(14,110)	259,554	204,217	55,337
Other Purchased Services (400-500 series)	9,765		9,765	9,600	165
Total Undist. Expend. - Administrative Information Technology	<u>482,526</u>	<u>(12,861)</u>	<u>469,665</u>	<u>414,163</u>	<u>55,502</u>
Required Maintenance for School Facilities:					
Salaries	317,844	41,377	359,221	331,867	27,354
Cleaning, Repair and Maintenance Services	1,379,654		1,379,654	822,837	556,817
General Supplies	97,000		97,000	59,133	37,867
Other Objects	5,000		5,000	4,686	314
Total Required Maintenance for School Facilities	<u>1,799,498</u>	<u>41,377</u>	<u>1,840,875</u>	<u>1,218,523</u>	<u>622,352</u>
Undist. Expend. - Custodial Services:					
Salaries	1,488,800	(22,477)	1,466,323	1,306,812	159,511
Purchased Professional and Technical Services	13,550		13,550	5,139	8,411

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Custodial Services: (Cont'd)					
Other Purchased Property Services	\$ 90,343		\$ 90,343	\$ 56,146	\$ 34,197
Insurance	213,868	20,734	234,602	234,602	
Miscellaneous Purchased Services	11,006		11,006	5,790	5,216
General Supplies	108,099	(26,896)	81,203	73,740	7,463
Energy (Natural Gas)	185,775	7,000	192,775	188,702	4,073
Energy (Electricity)	350,000	7,908	357,908	357,908	
Other Objects	16,400	(7,908)	8,492	6,765	1,727
Total Undist. Expend. - Custodial Services	<u>2,477,841</u>	<u>(21,639)</u>	<u>2,456,202</u>	<u>2,235,604</u>	<u>220,598</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	178,889	(18,900)	159,989	126,188	33,801
Cleaning, Repair, and Maintenance Services	296,000		296,000	151,925	144,075
General Supplies	13,700	(748)	12,952	3,092	9,860
Total Undist. Expend. - Care and Upkeep of Grounds	<u>488,589</u>	<u>(19,648)</u>	<u>468,941</u>	<u>281,205</u>	<u>187,736</u>
Undist. Expend. - Security:					
Salaries	51,500	748	52,248	52,248	
Total Undist. Expend. - Security	<u>51,500</u>	<u>748</u>	<u>52,248</u>	<u>52,248</u>	
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Other than Between Home and School	40,000		40,000	10,717	29,283
Cleaning, Repair and Maintenance Services	29,499	(14,466)	15,033	15,033	
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	130,000	(8,630)	121,370	112,978	8,392
Between Home and School -Vendors	555,875	(30,644)	525,231	524,351	880
Other than Between Home and School -Vendors	74,180	52,164	126,344	123,275	3,069
Special Education Students - Vendors	760,000	30,644	790,644	790,644	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Student Transportation Services: (Cont'd)	\$ 42,867	\$ 3,707	\$ 46,574	\$ 40,037	\$ 6,537
General Supplies	1,632,421	32,775	1,665,196	1,617,035	48,161
Total Undist. Expend. - Student Transportation Services					
Unallocated Benefits:					
Social Security Contributions	592,960	(46,645)	546,315	411,015	135,300
Other Retirement Contribution - PERS	650,500	46,646	697,146	697,146	
Other Retirement Contribution - Regular	7,945		7,945	5,889	2,056
Unemployment Compensation		865	865	865	
Workmen's Compensation	330,124		330,124	327,840	2,284
Health Benefits	6,679,797	(570,998)	6,108,799	6,071,310	37,489
Tuition Reimbursement	87,000	31,780	118,780	104,592	14,188
Other Employee Benefits	139,500		139,500	93,731	45,769
Total Unallocated Benefits	8,487,826	(538,352)	7,949,474	7,712,388	237,086
Unallocated Benefits:					
ON-BEHALF CONTRIBUTIONS:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,823,586	(1,823,586)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				5,710,359	(5,710,359)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				108,647	(108,647)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				3,768	(3,768)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,570,113	(1,570,113)
TOTAL ON-BEHALF CONTRIBUTIONS				9,216,473	(9,216,473)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	8,487,826	(538,352)	7,949,474	16,928,861	(8,979,387)
TOTAL UNDISTRIBUTED EXPENDITURES	28,584,513	(638,573)	27,945,940	34,022,091	(6,076,151)
TOTAL GENERAL CURRENT EXPENSE	49,103,666	(237,313)	48,866,353	54,485,616	(5,619,263)

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed:					
Administration Information Technology	\$ 5,000	\$ 25,396	\$ 25,396	\$ 25,395	\$ 1
Other Support Services	5,000		5,000		5,000
Total Equipment	<u>5,000</u>	<u>25,396</u>	<u>30,396</u>	<u>25,395</u>	<u>5,001</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	1,815		1,815	1,815	
Construction Services	135,707	2,719	138,426	138,426	
Other Objects - Assessment for Debt Service on SDA Funding	3,589		3,589	3,589	
Total Facilities Acquisition and Construction Services	<u>141,111</u>	<u>2,719</u>	<u>143,830</u>	<u>143,830</u>	
Asset Acquired Under Capital Leases (Non Budgeted):					
Required Maintenance				147,954	(147,954)
Total Asset Acquired Under Capital Leases (Non Budgeted)				<u>147,954</u>	<u>(147,954)</u>
TOTAL CAPITAL OUTLAY	<u>146,111</u>	<u>28,115</u>	<u>174,226</u>	<u>317,179</u>	<u>(142,953)</u>
Transfer of Funds to Charter Schools	112,133		112,133	111,654	479
TOTAL EXPENDITURES	<u>49,361,910</u>	<u>(209,198)</u>	<u>49,152,712</u>	<u>54,914,449</u>	<u>(5,761,737)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,597,790)	(2,719)	(1,600,509)	2,668,242	4,268,751
Other Financing Sources:					
Transfer from Enterprise Fund - Kindergarten Wrap-Around	297,319		297,319	288,615	(8,704)
Capital Leases (Non-budgeted)				147,954	147,954
Total Other Financing Sources	<u>297,319</u>		<u>297,319</u>	<u>436,569</u>	<u>139,250</u>
Excess/(Deficit) of Revenues and Other Financing Sources	(1,300,471)	(2,719)	(1,303,190)	3,104,811	4,408,001
Over/(Under) Expenditures					

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1 (Restated)	\$ 6,110,403		\$ 6,110,403	\$ 6,110,403	
Fund Balance, June 30	\$ 4,809,932	\$ (2,719)	\$ 4,807,213	\$ 9,215,214	\$ 4,408,001
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 3,868,472	
Maintenance Reserve				1,302,497	
Unemployment Compensation				243,347	
Excess Surplus to be Utilized for 2022-2023 school year				500,000	
Excess Surplus to be Utilized for 2021-2022 school year				500,000	
Assigned Fund Balance:					
Year End Encumbrances				425,727	
Unassigned Fund Balance				2,375,171	
				<u>9,215,214</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(174,099)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,041,115</u>	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 65,000	\$ 457,560	\$ 522,560	\$ 449,420	\$ (73,140)
State Sources	243,167	50,056	293,223	234,674	(58,549)
Federal Sources	560,996	740,886	1,301,882	843,453	(458,429)
Total Revenues	869,163	1,248,502	2,117,665	1,527,547	(590,118)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	58,000		58,000		58,000
Purchased Professional - Educational Services	160,664	30,779	191,443	144,488	46,955
Tuition	461,391	144,862	606,253	553,080	53,173
General Supplies	97,438	135,235	232,673	112,476	120,197
Textbooks	21,453	11,352	32,805	23,336	9,469
Total Instruction	740,946	380,228	1,121,174	833,380	287,794
Support Services:					
Salaries of Supervisors of Instruction		23,565	23,565		23,565
Other Salaries	21,842	71,692	93,534	61,487	32,047
Personal Services - Employee Benefits		54,096	54,096		54,096
Purchased Professional and Technical Services	21,727	130,446	152,173	69,994	82,179
Other Purchased Services	16,410	2,311	18,721	8,520	10,201
Supplies and Materials	68,238	185,714	253,952	182,035	71,917
Student Activities		591,828	591,828	591,828	
Scholarships Awarded		7,225	7,225	7,225	
Total Support Services	128,217	1,066,877	1,195,094	921,089	274,005
Facilities Acquisition:					
Non-Instructional Equipment		28,319	28,319		28,319
Total Facilities Acquisition		28,319	28,319		28,319
Total Expenditures	\$ 869,163	\$ 1,475,424	\$ 2,344,587	\$ 1,754,469	\$ 590,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ (226,922)	\$ (226,922)	\$ (226,922)	\$ -0-

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 57,582,691	\$ 1,527,547
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		6,857
Current Year Encumbrances		(1,788)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	164,919	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(174,099)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 57,573,511	 \$ 1,532,616
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 54,914,449	\$ 1,754,469
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		6,857
Current Year Encumbrances		(1,788)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 54,914,449	 \$ 1,759,538

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act				
	Title I	Title II A FY21	Title II A FY20	Title III Immigrant	Title IV FY20
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 28,962	\$ 19,406	\$ 1,564	\$ 13,975	\$ 6,100
Total Revenues	<u>28,962</u>	<u>19,406</u>	<u>1,564</u>	<u>13,975</u>	<u>6,100</u>
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services					
Tuition					
General Supplies					666
Textbooks					
Total Instruction					<u>666</u>
Support Services:					
Other Salaries	28,962	12,450		13,975	6,100
Purchased Professional and Technical Services					668
Other Purchased Services		6,956	1,564		
Supplies and Materials					
Student Activities					
Scholarships Awarded					
Total Support Services	<u>28,962</u>	<u>19,406</u>	<u>1,564</u>	<u>13,975</u>	<u>6,100</u>
Total Expenditures	<u>\$ 28,962</u>	<u>\$ 19,406</u>	<u>\$ 1,564</u>	<u>\$ 13,975</u>	<u>\$ 6,100</u>
					<u>\$ 1,334</u>

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		<u>CARES</u>	<u>Coronavirus</u>	<u>Bridging</u>	<u>I.D.E.A.</u>
		<u>Emergency Relief</u>	<u>Relief Fund</u>	<u>Digital Divide</u>	<u>Basic</u> <u>Preschool</u>
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$	43,121	\$ 83,979	\$ 22,606	\$ 601,548
Total Revenues			<u>83,979</u>	<u>22,606</u>	<u>601,548</u>
					<u>20,858</u>
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services					
Tuition					553,080
General Supplies	6,943		27,578		
Textbooks					
Total Instruction		<u>6,943</u>	<u>27,578</u>		<u>553,080</u>
Support Services:					
Other Salaries					48,468
Purchased Professional and Technical Services					20,858
Other Purchased Services					
Supplies and Materials	36,178		56,401	22,606	
Student Activities					
Scholarships Awarded					
Total Support Services		<u>36,178</u>	<u>56,401</u>	<u>22,606</u>	<u>48,468</u>
					<u>20,858</u>
Total Expenditures	\$	<u>43,121</u>	\$ <u>83,979</u>	\$ <u>22,606</u>	\$ <u>601,548</u>
					<u>20,858</u>

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Local Donations	Nonpublic				Auxiliary Services Compensatory Education
		Examination and Classification	Handicapped Services Corrective Speech	Supplementary Instruction		
REVENUES:						
Local Sources	\$ 77,289					
State Sources		\$ 37,719	\$ 17,773	\$ 26,552	\$	23,480
Federal Sources						
Total Revenues		37,719	17,773	26,552		23,480
EXPENDITURES:						
Instruction:						
Purchased Professional - Educational Services		37,719	17,773	26,552		23,480
Tuition						
General Supplies	77,289					
Textbooks						
Total Instruction	77,289	37,719	17,773	26,552		23,480
Support Services:						
Other Salaries						
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services						
Total Expenditures	\$ 77,289	\$ 37,719	\$ 17,773	\$ 26,552	\$	23,480

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic				Totals 2021
	Student Activities	Scholarship	Textbooks	Nursing	
REVENUES:					
Local Sources	\$ 354,242	\$ 17,889			\$ 449,420
State Sources		\$ 23,336	\$ 38,964	\$ 66,850	234,674
Federal Sources					843,453
Total Revenues			38,964	66,850	1,527,547
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services			38,964		144,488
Tuition					553,080
General Supplies					112,476
Textbooks			23,336		23,336
Total Instruction			38,964		833,380
Support Services:					
Other Salaries					61,487
Purchased Professional and Technical Services					69,994
Other Purchased Services					8,520
Supplies and Materials				66,850	182,035
Student Activities	591,828				591,828
Scholarships Awarded		7,225			7,225
Total Support Services	591,828	7,225		66,850	921,089
Total Expenditures	\$ 591,828	\$ 7,225	\$ 38,964	\$ 66,850	\$ 1,754,469

PROPRIETARY FUNDS

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Major Fund</u>	<u>Non-Major Funds</u>		<u>Total Enterprise Funds</u>
	<u>Food Service</u>	<u>Integrated Preschool</u>	<u>Summer Program</u>	
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 15,105	\$ 41,600	\$ 77,770	\$ 134,475
Intergovernmental Accounts Receivable:				
State	3,080			3,080
Federal	67,767			67,767
Inventories	12,249			12,249
Total Current Assets	<u>98,201</u>	<u>41,600</u>	<u>77,770</u>	<u>217,571</u>
Non-Current Assets:				
Capital Assets	453,520			453,520
Less: Accumulated Depreciation	(223,088)			(223,088)
Total Non-Current Assets	<u>230,432</u>			<u>230,432</u>
Total Assets	<u>328,633</u>	<u>41,600</u>	<u>77,770</u>	<u>448,003</u>
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	33,808			33,808
Unearned Revenue - Donated Commodities	2,259			2,259
Unearned Revenue - Prepaid Sales	25,884	1,900	27,411	55,195
Total Current Liabilities	<u>61,951</u>	<u>1,900</u>	<u>27,411</u>	<u>91,262</u>
Total Liabilities	<u>61,951</u>	<u>1,900</u>	<u>27,411</u>	<u>91,262</u>
<u>NET POSITION:</u>				
Investment in Capital Assets	230,432			230,432
Unrestricted	36,250	39,700	50,359	126,309
Total Net Position	<u>\$ 266,682</u>	<u>\$ 39,700</u>	<u>\$ 50,359</u>	<u>\$ 356,741</u>

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service	Integrated Preschool	Summer Program	Kindergarten Wrap-Around	
Operating Revenue:					
Charges for Services:					
Program Fees		\$ 21,100	\$ 40,758		\$ 61,858
Miscellaneous Revenue	\$ 1,245				1,245
Total Operating Revenue	1,245	21,100	40,758		63,103
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	120,185				120,185
Salaries	71,433		36,050		107,483
Employee Benefits	38,836				38,836
Purchased Professional and Technical Services	24,893				24,893
Other Purchased Services	11,874				11,874
Supplies and Materials	16,640				16,640
Miscellaneous Expense	2,919				2,919
Depreciation Expense	26,661				26,661
Total Operating Expenses	313,441		36,050		349,491
Operating Income/(Loss)	(312,196)	21,100	4,708		(286,388)
Non-Operating Revenue:					
State Sources:					
COVID-19 - Seamless Summer Option	15,453				15,453
Federal Sources:					
COVID-19 - Seamless Summer Option	280,588				280,588
Food Distribution Program	7,210				7,210
Total Non-Operating Income	303,251				303,251
Change in Net Position Before Transfers	(8,945)	\$ 21,100	\$ 4,708		16,863
Transfer to General Fund				\$ (288,615)	(288,615)
Change in Net Position	(8,945)	21,100	4,708	(288,615)	(271,752)
Net Position - Beginning of Year (Restated)	275,627	18,600	45,651	288,615	628,493
Net Position - End of Year	\$ 266,682	\$ 39,700	\$ 50,359	\$ -0-	\$ 356,741

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u>	<u>Non-Major Funds</u>			<u>Total</u>
	<u>Food Service</u>	<u>Integrated Preschool</u>	<u>Summer Program</u>	<u>Kindergarten Wrap-Around</u>	<u>Enterprise Funds</u>
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 2,260	\$ 23,000	\$ 65,419		\$ 90,679
Payments to Food Service Contractor	(265,615)				(265,615)
Payments to/for Employees			(45,710)		(45,710)
Payments to Suppliers	(1,535)				(1,535)
Net Cash Provided by/(Used for) Operating Activities	(264,890)	23,000	19,709		(222,181)
Cash Flows from Noncapital Financing Activities:					
State Sources	12,715				12,715
Federal Sources	234,442				234,442
Transfer to General Fund				\$ (288,615)	(288,615)
Net Cash Provided by/(Used for) Noncapital Financing Activities	247,157			(288,615)	(41,458)
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,733)	23,000	19,709	(288,615)	(263,639)
Cash and Cash Equivalents, July 1	32,838	18,600	58,061	288,615	398,114
Cash and Cash Equivalents, June 30	<u>\$ 15,105</u>	<u>\$ 41,600</u>	<u>\$ 77,770</u>	<u>\$ -0-</u>	<u>\$ 134,475</u>
Reconciliation of Operating Income/(Loss) to					
Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (312,196)	\$ 21,100	\$ 4,708		\$ (286,388)
Adjustment to Reconcile Operating Income/(Loss) to Net					
Cash Provided by/(Used for) Operating Activities:					
Depreciation	26,661				26,661
Food Distribution Program	7,210				7,210
Changes in Assets and Liabilities:					
(Increase) in Inventory	(797)				(797)
Increase/(Decrease) in Accounts Payable	10,958		(9,660)		1,298
Increase in Unearned Revenue	3,274	1,900	24,661		29,835
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (264,890)</u>	<u>\$ 23,000</u>	<u>\$ 19,709</u>	<u>\$ -0-</u>	<u>\$ (222,181)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$9,469 and utilized U.S.D.A. Commodities valued at \$7,210.

LONG-TERM DEBT

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2020	Issued	Retired or Matured	Balance June 30, 2021
			Date	June 30, 2021	Amount					
School Refunding Bonds	05/30/12	\$ 9,955,000	12/15/21	\$ 65,000	2.000%	\$ 9,515,000		\$ 9,385,000	\$ 130,000	
	12/15/22		12/15/22	65,000	2.250%					
School Refunding Bonds	09/26/12	21,075,000	12/15/21	1,185,000	3.000%	16,380,000		13,970,000	2,410,000	
	12/29/15	7,060,000	12/15/22	1,225,000	3.000%					
School Refunding Bonds	12/29/15	7,060,000	09/15/21	330,000	3.000%					
			09/15/22	335,000	3.000%					
			09/15/23	350,000	4.000%					
			09/15/24	365,000	4.000%					
			09/15/25	380,000	4.000%					
			09/15/26	390,000	4.000%					
			09/15/27	400,000	4.000%					
			09/15/28	420,000	4.000%					
			09/15/29	430,000	2.875%					
			09/15/30	445,000	2.875%					
			09/15/31	460,000	4.000%					
			09/15/32	480,000	4.000%					
			09/15/33	490,000	4.000%					
			09/15/34	515,000	4.000%					
			09/15/35	545,000	4.000%		6,665,000		330,000	6,335,000

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2020	Issued	Retired or Matured	Balance June 30, 2021
			Date	June 30, 2021	Amount					
School Refunding Bonds	02/24/21	\$ 23,550,000	12/15/21	\$ 295,000		0.259%				
			12/15/22	300,000		0.359%				
			12/15/23	1,610,000		0.429%				
			12/15/24	1,620,000		0.596%				
			12/15/25	1,630,000		0.809%				
			12/15/26	1,655,000		0.979%				
			12/15/27	1,670,000		1.255%				
			12/15/28	1,695,000		1.475%				
			12/15/29	1,725,000		1.680%				
			12/15/30	1,755,000		1.780%				
			12/15/31	1,785,000		1.860%				
			12/15/32	1,885,000		2.010%				
			12/15/35	2,020,000		2.360%				
							\$ 23,550,000		\$ 23,550,000	
							\$ 32,560,000	\$ 23,550,000	\$ 32,425,000	
								\$ 1,540,000		
								22,145,000		
								\$ 23,685,000		

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2021</u>
Maintenance Trucks	3.98%	\$ 147,954	\$ -0-	\$ 147,954	\$ 28,520	\$ 119,434
			<u>\$ -0-</u>	<u>\$ 147,954</u>	<u>\$ 28,520</u>	<u>\$ 119,434</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,092,952		\$ 2,092,952	\$ 2,092,952	
State Sources:					
Debt Service Aid Type II	540,075		540,075	540,075	
Total Revenues	2,633,027		2,633,027	2,633,027	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,540,000	\$ (446,972)	1,093,028	1,093,027	\$ 1
Redemption of Principal	1,093,028	446,972	1,540,000	1,540,000	
Total Regular Debt Service	2,633,028		2,633,028	2,633,027	1
Total Expenditures	2,633,028		2,633,028	2,633,027	1
Deficit of Revenue Under Expenditures	(1)		(1)		1
Other Financing Sources/(Uses):					
Long Term Debt Issued				23,550,000	23,550,000
Bond Premium				268,271	268,271
Serial Bonds Defeased				(22,145,000)	(22,145,000)
Bond Issuance Costs				(194,475)	(194,475)
Deferred Amount on Refunding				(1,478,796)	(1,478,796)
Total Other Financing Sources/(Uses)				-0-	-0-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1)		(1)		1
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 1	\$ 1
<u>Recapitulation:</u>					
Restricted				\$ 1	
				\$ 1	

STATISTICAL SECTION

(UNAUDITED)

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

Contents

	<u>Exhibit</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 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 10,551,893	\$ 11,187,229	\$ 11,332,466	\$ 15,653,963	\$ 16,342,044	\$ 16,311,254	\$ 20,162,837	\$ 22,109,941	\$ 26,929,496	\$ 25,595,933
Restricted	512,198	1,099,168	502,063	3,012,878	12,835,643	11,567,657	5,301,619	2,661,655	5,024,822	6,915,442
Unrestricted/(Deficit)	4,276,697	2,972,124	(3,594,860)	(8,440,515)	(9,636,859)	(10,260,343)	(9,360,684)	(8,945,774)	(13,062,246)	(12,141,442)
Total Governmental Activities Net Position	\$ 15,340,788	\$ 15,258,521	\$ 8,239,669	\$ 10,226,326	\$ 19,540,828	\$ 17,618,568	\$ 16,103,772	\$ 15,825,822	\$ 18,892,072	\$ 20,369,933
Business-type Activities										
Investment in Capital Assets	\$ 75,030	\$ 88,203	\$ 81,297	\$ 74,143	\$ 71,712	\$ 65,626	\$ 58,360	\$ 51,979	\$ 257,093	\$ 230,432
Unrestricted	47,305	16,962	172,199	316,844	482,596	703,719	924,208	1,112,194	371,400	126,309
Total Business-type Activities Net Position	\$ 122,335	\$ 105,165	\$ 253,496	\$ 390,987	\$ 554,308	\$ 769,345	\$ 982,568	\$ 1,164,173	\$ 628,493	\$ 356,741
District-wide										
Net Investment in Capital Assets	\$ 10,626,923	\$ 11,275,432	\$ 11,413,763	\$ 15,728,106	\$ 16,413,756	\$ 16,376,880	\$ 20,221,197	\$ 22,161,920	\$ 27,186,589	\$ 25,826,365
Restricted	512,198	1,099,168	502,063	3,012,878	12,835,643	11,567,657	5,301,619	2,661,655	5,024,822	6,915,442
Unrestricted/(Deficit)	4,324,002	2,989,086	(3,422,661)	(8,123,671)	(9,154,263)	(9,556,624)	(8,436,476)	(7,833,580)	(12,690,846)	(12,015,133)
Total District Net Position	\$ 15,463,123	\$ 15,363,686	\$ 8,493,165	\$ 10,617,313	\$ 20,095,136	\$ 18,387,913	\$ 17,086,340	\$ 16,989,995	\$ 19,520,565	\$ 20,726,674

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 16,691,709	\$ 17,960,322	\$ 17,173,580	\$ 20,709,510	\$ 22,134,753	\$ 25,910,729	\$ 29,009,506	\$ 26,214,463	\$ 26,035,421	\$ 26,962,517
Special Education	3,240,215	3,376,254	3,571,209	4,766,540	5,410,247	5,715,609	6,779,627	6,546,143	6,729,692	6,591,547
Other Special Education	673,459	686,980	819,199	1,139,843	1,118,974	1,125,055	1,251,166	1,292,875	1,417,784	1,415,386
School Sponsored/Other Instruction	1,332,498	1,422,637	1,486,849	1,825,173	1,913,513	2,210,472	1,541,826	1,527,333	1,389,761	1,261,491
Support Services:										
Tuition	1,361,518	1,381,361	1,284,815	1,618,438	1,510,444	1,707,515	1,975,166	2,236,459	2,404,553	2,632,472
Student & Instruction Related Services	5,868,557	6,913,818	7,204,111	8,505,628	9,214,701	9,960,425	10,279,696	10,248,883	9,418,747	10,061,424
General Administrative Services	1,029,536	1,285,368	1,115,311	1,348,501	1,342,234	1,287,818	1,359,652	1,618,751	1,901,647	1,828,117
School Administrative Services	1,899,136	2,056,418	1,995,306	2,426,228	2,569,426	2,593,190	2,644,749	2,621,275	2,919,048	2,709,345
Central Services	563,464	632,739	641,578	666,171	684,642	821,804	923,069	936,514	803,316	571,277
Administrative Information Technology	137,543	171,337	171,171	183,035	288,293	325,150	333,399	403,745	476,736	479,899
Plant Operations and Maintenance	3,391,041	3,621,643	3,244,363	4,334,959	4,804,932	4,914,974	5,284,412	5,266,251	4,698,971	4,702,870
Pupil Transportation	1,200,452	1,285,599	1,008,031	1,178,059	1,173,062	1,254,338	1,353,378	1,766,188	1,690,340	1,708,784
Transfer of Funds to Charter School		34,250		8,606	24,192	24,261	35,227	25,191	26,326	111,654
Interest on Long-term Debt	1,760,634	1,548,776	1,591,920	1,529,594	1,488,674	1,269,124	1,272,725	1,293,088	1,250,765	1,676,613
Unallocated Depreciation	1,483,372	1,483,372	1,540,461	1,537,042	1,527,119	1,407,342				
Total Governmental Activities Expenses	40,633,134	43,860,874	42,847,904	51,777,327	55,205,206	60,527,806	64,043,598	61,997,159	61,163,107	62,713,396
Business-type Activities:										
Food Service	761,673	750,099	728,307	686,979	694,629	700,715	655,069	683,975	530,149	313,441
Kindergarten Wrap Around		137,938	160,336	182,627	246,240	181,812	243,432	276,296	8,704	
Integrated Preschool			13,600	16,250	12,200	12,300		8,000		
Summer Program									50,545	36,050
Total Business-type Activities Expense	761,673	888,037	902,243	885,856	953,069	894,827	898,501	1,022,275	589,398	349,491
Total District Expenses	\$ 41,394,807	\$ 44,748,911	\$ 43,750,147	\$ 52,663,183	\$ 56,158,275	\$ 61,422,633	\$ 64,942,099	\$ 63,019,934	\$ 61,752,505	\$ 63,062,887
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 1,704,388	\$ 1,695,519	\$ 1,805,518	\$ 1,806,176	\$ 1,815,704	\$ 1,754,597	\$ 1,755,262	\$ 1,760,571	\$ 1,840,774	\$ 2,044,245
School Sponsored/Other Instruction	87,275	89,400	93,135	92,775	95,825	87,300	97,180	84,950	86,570	145,522
(Student Activity Fees)										
Student and Instruction Related Services	4,250	6,000	5,214	8,125	9,750	12,480	12,870	14,820	13,000	354,242
Pupil Transportation (Subscription Busing)	5,340,519	6,469,234	5,866,662	10,865,042	12,754,451	16,482,287	18,133,228	14,718,076	13,101,450	14,868,985
Operating Grants and Contributions						343,102				
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	7,136,432	8,260,153	7,770,529	12,772,118	14,675,730	18,679,766	19,998,540	16,578,417	15,041,794	17,412,994
Business-type Activities:										
Charges for Services:										
Food Service	644,443	590,535	609,166	570,857	576,339	565,458	555,058	586,871	416,837	1,245
Kindergarten Wrap Around		154,900	300,550	316,950	410,600	418,300	448,200	455,650	13,350	21,100
Integrated Preschool			13,600	16,250	12,200	15,250	1,100	9,200	13,350	13,350
Summer Program								52,500	98,200	40,758
Operating Grants and Contributions - Food Service	125,063	114,767	127,258	119,290	117,251	110,856	107,366	103,309	95,438	303,251
Total Business-type Activities Program Revenues	769,506	860,202	1,050,574	1,023,347	1,116,390	1,109,864	1,111,724	1,207,530	623,825	366,354
Total District Program Revenues	\$ 7,905,938	\$ 9,120,355	\$ 8,821,103	\$ 13,795,465	\$ 15,792,120	\$ 19,789,630	\$ 21,110,264	\$ 17,785,947	\$ 15,665,619	\$ 17,779,348

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue:										
Governmental Activities	\$ (33,496,702)	\$ (35,600,721)	\$ (35,077,375)	\$ (39,005,209)	\$ (40,529,476)	\$ (41,848,040)	\$ (44,045,058)	\$ (45,418,742)	\$ (46,121,313)	\$ (45,300,402)
Business-type Activities	7,833	(27,835)	148,331	137,491	163,321	215,037	213,223	184,755	34,427	16,863
Total District-wide Net Expense	\$ (33,488,869)	\$ (35,628,556)	\$ (34,929,044)	\$ (38,867,718)	\$ (40,366,155)	\$ (41,633,003)	\$ (43,831,835)	\$ (45,233,987)	\$ (46,086,886)	\$ (45,283,539)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 32,527,319	\$ 33,177,865	\$ 33,979,228	\$ 36,110,120	\$ 37,961,408	\$ 38,740,759	\$ 39,515,574	\$ 40,806,822	\$ 41,913,914	\$ 43,178,077
Taxes Levied for Debt Service	2,524,587	2,513,089	2,425,545	2,404,748	2,397,198	2,302,922	2,070,457	2,090,015	2,089,335	2,092,952
Unrestricted Grants and Contributions	32,856	32,856	38,056	81,021	100,346	592,828	658,667	805,104	746,100	746,292
Sale of Property				2,000,000	9,000,000					
Investment Earnings and Miscellaneous Income	206,896	359,240	299,290	395,977	353,245	433,653	285,564	529,732	589,993	472,327
Transfers		(10,665)			31,781				776,000	288,615
Capital Reserve - Reimbursement for Local Share								343,560		
Maintenance Reserve - Reimbursement for Local Share								565,559		
Total Governmental Activities	\$ 35,258,802	\$ 36,072,385	\$ 36,742,119	\$ 40,991,866	\$ 49,843,978	\$ 42,070,162	\$ 42,530,262	\$ 45,140,792	\$ 46,115,342	\$ 46,778,263
Business-type Activities:										
Transfers		10,665						(3,150)	(776,000)	(288,615)
Cancellation of Prior Year Accounts Receivable									(278)	
Total Business-type Activities	\$ 35,258,802	\$ 36,083,050	\$ 36,742,119	\$ 40,991,866	\$ 49,843,978	\$ 42,070,162	\$ 42,530,262	\$ 45,137,642	\$ 45,339,064	\$ 46,489,648
Change in Net Position	\$ 1,762,100	\$ 471,664	\$ 1,664,744	\$ 1,986,657	\$ 9,314,502	\$ 222,122	\$ (1,514,796)	\$ (277,950)	\$ (5,971)	\$ 1,477,861
Governmental Activities	7,833	(17,170)	148,331	137,491	163,321	215,037	213,223	181,605	(741,851)	(271,752)
Business-type Activities	\$ 1,769,933	\$ 454,494	\$ 1,813,075	\$ 2,124,148	\$ 9,477,823	\$ 437,159	\$ (1,301,573)	\$ (96,345)	\$ (747,822)	\$ 1,206,109

Source: School District Financial Reports

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	(Restated) 2020	2021
General Fund										
Restricted	\$ 512,198	\$ 1,099,168	\$ 498,230	\$ 3,005,954	\$ 12,810,789	\$ 11,542,803	\$ 5,301,618	\$ 2,661,654	\$ 4,296,774	\$ 6,414,316
Assigned	1,566,141	882,145	2,231,086	1,504,758	1,401,219	1,888,758	1,848,979	3,999,086	504,494	425,727
Unassigned	1,242,425	799,811	733,937	841,580	809,169	883,318	995,383	961,274	1,144,216	2,201,072
Total General Fund	\$ 3,320,764	\$ 2,781,124	\$ 3,463,253	\$ 5,352,292	\$ 15,021,177	\$ 14,314,879	\$ 8,145,980	\$ 7,622,014	\$ 5,945,484	\$ 9,041,115
All Other Governmental Funds										
Restricted			\$ 3,833	\$ 773	\$ 24,854	\$ 24,854	\$ 1	\$ 1	\$ 728,048	\$ 501,126
Committed			834,864	120,868	57,143		1,500,533			
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ 838,697	\$ 121,641	\$ 81,997	\$ 24,854	\$ 1,500,534	\$ 1	\$ 728,048	\$ 501,126
Total Governmental Funds	\$ 3,320,764	\$ 2,781,124	\$ 4,301,950	\$ 5,473,933	\$ 15,103,174	\$ 14,339,733	\$ 9,646,514	\$ 7,622,015	\$ 6,673,532	\$ 9,542,241

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Local Tax Levy	\$ 35,051,906	\$ 35,690,954	\$ 36,404,773	\$ 38,514,868	\$ 40,358,606	\$ 41,043,681	\$ 41,586,031	\$ 42,896,837	\$ 44,003,249	\$ 45,271,029
Tuition from Individuals				161,000	192,000	114,200	119,000	104,000	33,500	84,823
Tuition from Other LEAs	1,704,388	1,695,519	1,805,518	1,645,176	1,623,704	1,640,397	1,636,262	1,656,571	1,807,274	1,959,422
Transportation Fees from Individuals									13,000	
Rents and Royalties									23,644	25,098
Sale of Property				2,000,000	9,000,000					
Interest Earned on Maintenance Reserve Funds						12,098	6,143	3,993	2,000	2,000
Interest Earned on Capital Reserve Funds						49,700	52,969	34,430	3,971	10,502
Miscellaneous	365,292	568,278	481,170	647,114	527,833	552,156	459,355	645,321	442,182	826,690
PILOT Payments									225,542	208,048
State Sources	4,593,298	5,680,194	5,146,078	5,792,884	6,520,667	7,507,355	8,162,427	9,512,926	10,273,151	12,507,297
Federal Sources	680,350	708,258	675,109	708,250	718,526	646,596	755,318	864,148	644,262	844,245
Total Revenue	42,395,234	44,343,203	44,512,648	49,469,292	58,941,336	51,566,183	52,777,505	55,718,226	57,471,775	61,739,154
Expenditures										
Instruction										
Regular Instruction	12,331,433	13,374,158	12,429,568	13,199,725	13,143,131	13,888,476	14,197,956	14,129,779	14,675,645	15,564,418
Special Education Instruction	2,380,027	2,384,273	2,572,376	2,974,315	3,164,512	3,008,557	3,201,559	3,482,345	3,603,654	3,523,625
Other Special Instruction	485,549	471,887	575,907	691,851	642,121	578,439	511,710	584,475	663,992	635,624
School-Sponsored/Other Instruction	1,030,880	1,103,105	1,131,269	1,268,741	1,240,510	1,256,684	1,200,133	1,259,165	1,110,126	1,025,227
Support Services:										
Tuition	1,361,518	1,381,361	1,284,815	1,618,438	1,510,444	1,707,515	1,975,166	2,236,459	2,404,553	2,632,472
Student & Other Instruction Related Services	4,406,787	5,097,451	5,196,987	5,417,963	5,553,692	5,405,491	5,815,654	6,392,497	6,156,904	6,876,295
General Administrative Services	937,234	1,152,942	996,607	1,218,958	1,174,552	1,078,846	1,082,549	1,319,968	1,335,664	1,217,633
School Administrative Services	1,389,057	1,398,272	1,431,167	1,491,094	1,462,833	1,481,899	1,461,313	1,548,666	1,714,934	1,652,543
Central Services	524,260	514,190	519,845	533,683	541,470	584,620	557,217	590,670	563,076	369,678
Administrative Information Technology	95,103	139,961	139,044	148,000	230,474	236,322	243,705	342,081	381,637	414,163
Plant Operations and Maintenance	3,015,056	3,226,395	3,033,566	3,871,096	4,276,237	5,244,997	4,390,148	4,448,770	3,757,148	3,787,580
Student Transportation	1,172,290	1,255,080	981,635	1,156,477	1,152,415	1,238,534	1,257,488	1,698,578	1,597,168	1,617,035
Unallocated Benefits	8,220,581	9,841,747	9,657,039	10,768,388	11,956,911	12,548,561	14,121,028	15,262,290	15,887,422	16,928,861
Transfer of Funds to Charter School		34,250		8,606	24,192	24,261	35,227	25,191	26,326	111,654
Capital Outlay	179,469	413,830	74,197	975,878	351,020	1,145,019	4,783,850	2,701,573	3,623,814	317,179
Debt Service:										
Principal	1,170,000	1,250,000	1,465,000	1,510,000	1,560,000	1,620,000	1,405,000	1,445,000	1,490,000	1,540,000
Interest and Other Charges	1,923,214	1,833,276	1,502,800	1,444,096	1,359,362	1,281,403	1,231,021	1,184,337	1,138,478	1,093,027
Total Expenditures	40,622,458	44,872,178	42,991,822	48,297,309	49,343,876	52,329,624	57,470,724	58,651,844	60,130,541	59,307,014
Excess/(Deficit) of Revenues Over/(Under) Expenditures	1,772,776	(528,975)	1,520,826	1,171,983	9,597,460	(763,441)	(4,693,219)	(2,933,618)	(2,658,766)	2,432,140

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources/(Uses)										
Capital Leases (Non-Budgeted)	\$ 125,000									\$ 147,954
Capital Reserve - Reimbursement for Local Share								\$ 343,560		
Maintenance Reserve - Reimbursement for Local Share								565,559		
Long Term Debt Issued					\$ 7,060,000					23,550,000
Bond Premium					626,844					268,271
Serial Bonds Defeased					(6,945,000)					(22,145,000)
Bond Issuance Costs					(51,174)					(194,475)
Deferred Amount on Refunding Transfers		\$ (10,665)			(690,670)				\$ 776,000	(1,478,796)
	125,000	(10,665)			31,781			909,119	776,000	288,615
Total Other Financing Sources/(Uses)	\$ 1,897,776	\$ (539,640)	\$ 1,520,826	\$ 1,171,983	\$ 9,629,241	\$ (763,441)	\$ (4,693,219)	\$ (2,024,499)	\$ (1,882,766)	\$ 2,868,709
Net Change in Fund Balances										
Debt Service as a Percentage of Noncapital Expenditures	7.65%	6.94%	6.92%	6.24%	5.92%	5.54%	4.96%	4.69%	4.37%	4.44%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Student Activities Fees		Subscription Busing		Chromebook Insurance Fees		Interest on Investments		Use of Facilities		Sale of Property**		Miscellaneous		PILOT Payments		Total
	Tuition	Fees	Subscription	Busing	Insurance	Fees	Investments	Facilities	Property**	Miscellaneous	PILOT Payments	Total					
2012	\$ 1,704,388	\$ 87,275	\$ 4,250				\$ 3,940	\$ 97,911		\$ 108,985		\$ 2,002,809					\$ 2,002,809
2013	1,695,519	89,400	6,000				5,885	69,423		285,877		2,150,159					2,150,159
2014	1,805,518	93,135	5,214				8,433	80,742		212,663		2,203,157					2,203,157
2015	1,806,176	92,775	8,125				60,765	69,968	\$ 2,000,000	317,576		4,303,053					4,303,053
2016	1,815,704	95,825	9,750		\$ 22,641		102,519	82,503	9,000,000	187,336		11,274,524					11,274,524
2017	1,754,597	87,300	12,480		27,947		95,291	73,140		150,725		2,208,708					2,208,708
2018	1,755,262	97,180	12,870		26,133		70,032	60,503		103,637		2,150,876					2,150,876
2019	1,760,571	84,950	14,820		745		50,988	76,308		235,134	\$ 147,513	2,390,073					2,390,073
2020	1,840,774	86,570	13,000				51,628	23,644		289,819	225,542	2,530,337					2,530,337
2021	2,044,245	145,522						25,098		187,553	208,048	2,662,094					2,662,094

** Proceeds from sale of Green Village Road School.

Source: Borough of Madison School District records.

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 14,830,500	\$ 1,724,066,900	\$ 298,115,100	\$ 2,497,000	\$ 49,651,900	\$ 2,089,161,400	\$ 8,919,553	\$ 2,098,080,953	\$ 341,668,600	\$ 1.656	\$ 3,599,840,895
2012	15,692,100	1,715,525,900	288,782,600	2,497,000	49,651,900	2,072,149,500	8,462,329	2,080,611,829	361,447,700	1.700	3,513,536,279
2013*	23,333,600	2,798,024,100	465,483,400	4,072,500	91,118,500	3,382,032,100	- 0 -	3,382,032,100	555,040,400	1.067	3,571,446,562
2014	15,176,600	2,814,994,500	508,259,600	4,072,500	87,621,200	3,430,124,400	- 0 -	3,430,124,400	557,518,000	1.093	3,624,640,053
2015	23,800,200	2,838,276,000	505,452,600	4,072,500	85,139,200	3,456,740,500	- 0 -	3,456,740,500	545,316,700	1.142	3,846,608,045
2016	25,010,100	2,850,881,700	516,116,100	4,072,500	86,176,700	3,482,257,100	- 0 -	3,482,257,100	541,464,300	1.169	3,882,843,683
2017	33,059,700	2,869,521,100	513,866,300	4,072,500	91,676,700	3,512,196,300	- 0 -	3,512,196,300	532,430,100	1.178	4,061,499,410
2018	31,821,400	2,892,646,400	522,826,000	4,072,500	91,036,700	3,542,403,000	- 0 -	3,542,403,000	533,431,600	1.193	4,037,538,804
2019	32,692,900	2,915,013,200	523,854,800	4,072,500	91,036,700	3,566,670,100	- 0 -	3,566,670,100	565,424,000	1.222	4,323,326,284
2020	19,894,700	2,930,731,000	547,559,500	4,072,500	90,155,500	3,592,413,200	- 0 -	3,592,413,200	607,548,500	1.243	4,468,033,471

* - Property revaluation became effective in this year.

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

b - Tax rates are per \$100 of assessed value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor.

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

Year Ended December 31,	Borough of Madison School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Madison	Morris County	
2011	\$ 1.5343	\$ 0.1217	\$ 1.656	\$ 0.647	\$ 0.406	\$ 2.709
2012	1.5776	0.1224	1.700	0.666	0.413	2.779
2013*	0.9919	0.0751	1.067	0.420	0.267	1.754
2014	1.0202	0.0728	1.093	0.415	0.270	1.778
2015	1.0707	0.0713	1.142	0.417	0.281	1.840
2016	1.0996	0.0694	1.169	0.367	0.284	1.820
2017	1.1194	0.0586	1.178	0.429	0.300	1.907
2018	1.1349	0.0581	1.193	0.434	0.296	1.923
2019	1.1640	0.0580	1.222	0.433	0.317	1.972
2020	1.1855	0.0575	1.243	0.437	0.324	2.004

* - Property revaluation became effective in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

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

Taxpayer	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Giralda Farms LLC (Allergan Sales)	\$ 76,237,500	1	2.12%
175 Park Property Corp.	66,150,000	2	1.84%
7 Giralda (Mack-Cali)	33,027,600	3	0.92%
ARC MKMDNNJ001, Inc.	29,400,000	4	0.82%
1 Giralda Farms LLC (Onyx Equities)	21,984,000	5	0.61%
Fazio Farms, LLC	21,600,000	6	0.60%
AHS Hospital Corp.	18,959,400	7	0.53%
HCP Inc.	17,600,000	8	0.49%
HS Investors c/o Heller Group	17,428,300	9	0.49%
Rose City Assoc.	12,772,900	10	0.36%
	<u>\$ 315,159,700</u>		<u>8.77%</u>

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Route 24 Holdings, Ind.	\$ 50,000,000	1	2.38%
Rex 7 Giralda Farms LLC	20,516,900	2	0.98%
Rex 1 Giralda Farms LLC	15,951,500	3	0.76%
3 Giralda Farms LLC	14,232,500	4	0.68%
Maersk	13,000,000	5	0.62%
HS Investors c/o Heller Group	11,366,400	6	0.54%
Rose City Associates LP of NJ	10,572,200	7	0.50%
175 Park Avenue, LLC	9,720,000	8	0.46%
Verizon	8,919,553	9	0.43%
HCP Sun 1 Madison	7,800,000	10	0.37%
	<u>\$ 162,079,053</u>		<u>7.73%</u>

Note: A property revaluation was effective in 2013.

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 35,051,906	\$ 35,051,906	100.00%	-0-
2013	35,690,954	35,690,954	100.00%	-0-
2014	36,404,773	36,404,773	100.00%	-0-
2015	38,514,868	38,514,868	100.00%	-0-
2016	40,358,606	40,358,606	100.00%	-0-
2017	41,043,681	41,043,681	100.00%	-0-
2018	41,586,031	41,586,031	100.00%	-0-
2019	42,896,837	42,896,837	100.00%	-0-
2020	44,003,249	44,003,249	100.00%	-0-
2021	45,271,029	45,271,029	100.00%	-0-

a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2012	\$ 44,190,000	\$ 125,000	\$ -0-	\$ 44,315,000	3.49%	\$ 2,784.13
2013	42,940,000	77,025	-0-	43,017,025	3.32%	2,683.37
2014	41,475,000	52,043	-0-	41,527,043	3.10%	2,614.56
2015	39,965,000	26,375	-0-	39,991,375	2.85%	2,517.56
2016	38,520,000	-0-	-0-	38,520,000	2.67%	2,429.52
2017	36,900,000	-0-	-0-	36,900,000	2.50%	2,337.37
2018	35,495,000	-0-	-0-	35,495,000	2.21%	2,163.41
2019	34,050,000	-0-	-0-	34,050,000	1.91%	1,938.96
2020	32,560,000	-0-	-0-	32,560,000	1.82%	1,848.74
2021	32,425,000	119,434	-0-	32,544,434	1.82%	1,847.86

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

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 44,190,000	\$ -0-	\$ 44,190,000	2.106%	\$ 2,776.28
2013	42,940,000	-0-	42,940,000	2.064%	2,678.56
2014	41,475,000	-0-	41,475,000	1.226%	2,611.28
2015	39,965,000	-0-	39,965,000	1.165%	2,515.90
2016	38,520,000	-0-	38,520,000	1.114%	2,429.52
2017	36,900,000	-0-	36,900,000	1.060%	2,337.37
2018	35,495,000	-0-	35,495,000	1.011%	2,163.41
2019	34,050,000	-0-	34,050,000	0.961%	1,938.96
2020	32,560,000	-0-	32,560,000	0.913%	1,848.74
2021	32,425,000	-0-	32,425,000	0.903%	1,841.07

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

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

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

Source: School District Financial Reports.

BOROUGH OF MADISON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Madison	\$ 25,581,156	100.00%	\$ 25,581,156
Morris County General Obligation Debt	250,902,245	3.70%	<u>9,294,626</u>
Subtotal, Overlapping Debt			34,875,782
Borough of Madison School District Direct Debt			<u>31,020,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 65,895,782</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>
2018	4,283,955,738
2019	4,425,698,102
2020	4,316,247,988
	<u>\$ 13,025,901,828</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,341,967,276</u>
Debt Limit (4% of Average Equalization Value) a	\$ 173,678,691
Net Bonded School Debt	<u>32,425,000</u>
Legal Debt Margin	<u>\$ 141,253,691</u>

	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 143,248,872	\$ 141,897,398	\$ 141,638,856	\$ 145,425,277	\$ 149,533,924
Total Net Debt Applicable to Limit	<u>44,190,000</u>	<u>42,940,000</u>	<u>41,475,000</u>	<u>39,965,000</u>	<u>38,520,000</u>
Legal Debt Margin	<u>\$ 99,058,872</u>	<u>\$ 98,957,398</u>	<u>\$ 100,163,856</u>	<u>\$ 105,460,277</u>	<u>\$ 111,013,924</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.85%	30.26%	29.28%	27.48%	25.76%

	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 155,575,556	\$ 158,054,593	\$ 163,917,471	\$ 169,368,013	\$ 173,678,691
Total Net Debt Applicable to Limit	<u>36,900,000</u>	<u>35,495,000</u>	<u>34,050,000</u>	<u>32,560,000</u>	<u>32,425,000</u>
Legal Debt Margin	<u>\$ 118,675,556</u>	<u>\$ 122,559,593</u>	<u>\$ 129,867,471</u>	<u>\$ 136,808,013</u>	<u>\$ 141,253,691</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.72%	22.46%	20.77%	19.22%	18.67%

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

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

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

Year	Population ^a	Borough of Madison Income Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	15,917	\$ 1,269,778,675	\$ 79,775	5.00%
2013	16,031	1,295,545,265	80,815	6.60%
2014	15,883	1,338,587,474	84,278	4.80%
2015	15,885	1,403,201,475	88,335	4.00%
2016	15,855	1,445,151,540	91,148	3.70%
2017	15,787	1,478,184,171	93,633	3.40%
2018	16,407	1,604,916,333	97,819	3.10%
2019	17,561	1,785,005,406	101,646	2.70%
2020	17,612	1,790,189,352	101,646 *	6.00%
2021	17,612 **	1,790,189,352 ***	101,646 *	N/A

* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest available population data (2020) and latest available Morris County per capita personal income (2019) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

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

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

Employer	2020		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health System	7,642	1	3.28%
Picatinny Arsenal	6,000	2	2.58%
Novartis	5,200	3	2.23%
Bayer	3,483	4	1.50%
Barclays	2,560	5	1.10%
ADP	2,400	6	1.03%
Accenture	1,826	7	0.78%
Honeywell	1,704	8	0.73%
Saint Clare's Health	1,638	9	0.70%
County of Morris	1,469	10	0.63%
	<u>33,922</u>		<u>14.56%</u>
Total Employment	<u>232,958</u>		
Employer	2011		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis	6,200	1	2.44%
U.S. Army Armament Research and Development	5,274	2	2.08%
Atlantic Health Systems	5,013	3	1.98%
United Parcel Service	2,332	4	0.92%
County of Morris	1,928	5	0.76%
ADP	1,924	6	0.76%
St. Clare's Health System	1,841	7	0.73%
AT&T	1,550	8	0.61%
Chilton Memorial	1,440	9	0.57%
BASF	1,400	10	0.55%
	<u>28,902</u>		<u>11.39%</u>
Total Employment	<u>253,719</u>		

Source: County of Morris

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	140	142	152	152	161	167	168	169	169	174
Special Education	44	44	45	53	57	55	55	56	59	56
Other Special Instruction	30	29	30	30	26	40	58	59	44	34
Support Services:										
Student & Instruction Related Services	35	38	43	41	44	32	35	35	43	45
General Administrative Services	3	3	3	3	3	4	4	4	6	6
School Administrative Services	13	16	19	16	15	16	16	15	18	18
Central Services	17	18	17	20	20	19	6	5	5	4
Administration Information Technology	3	3	3	3	5	5	4	4	4	4
Plant Operations and Maintenance	22	24	22	25	27	28	31	29	29	28
Total	307	317	334	343	358	366	377	376	377	369

Source: District Personnel Records.

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

Fiscal Year	Pupil/Teacher Ratio										Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
	Elementary					Middle								
	Operating Expenditures ^a	Cost per Pupil ^b	Percentage Change	Teaching Staff ^c	Central Avenue	Kings Road	Torey J. Sabatini	Madison Junior School	Madison High School	Madison High School				
2012	\$ 37,349,775	\$ 15,575	-1.35%	214	11.4:1	10.7:1	11.8:1	11.5:1	11.0:1	11.0:1	2,435	2,337	2.66%	95.98%
2013	41,375,072	16,895	8.47%	215	10.9:1	11.2:1	12.2:1	11.1:1	11.7:1	11.7:1	2,417	2,316	-0.74%	95.82%
2014	39,949,825	15,961	-5.53%	227	11.0:1	9.2:1	12.0:1	11.2:1	11.3:1	11.3:1	2,509	2,410	3.81%	96.05%
2015	44,367,335	17,578	10.13%	235	9.2:1	9.9:1	11.0:1	10.0:1	10.9:1	10.9:1	2,528	2,424	0.76%	95.89%
2016	46,073,494	17,962	2.19%	244	9.8:1	9.6:1	11.1:1	11.9:1	11.2:1	11.2:1	2,568	2,464	1.58%	95.95%
2017	48,283,202	18,570	3.39%	262	8.2:1	7.8:1	10.8:1	10.6:1	11.7:1	11.7:1	2,607	2,492	1.52%	95.59%
2018	50,050,853	19,228	3.54%	281	7.1:1	7.2:1	10.1:1	10.8:1	10.9:1	10.9:1	2,620	2,488	0.50%	94.96%
2019	53,320,934	20,532	6.78%	284	6.5:1	8.0:1	10.1:1	10.6:1	10.7:1	10.7:1	2,629	2,504	0.34%	95.25%
2020	53,878,249	20,956	2.07%	277	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,597	2,507	-1.22%	96.53%
2021	56,356,808	22,311	6.46%	264	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,477	2,507	-4.62%	101.21%

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Borough of Madison School District records.

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

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Green Village Road School (1948)*										
Square Feet	26,159	26,159	26,159	26,159	*					
Central Avenue School (1910)										
Square Feet	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	485	501	505	480	488	502	499	489	476	497
Kings Road School (1948)										
Square Feet	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	277	290	281	286	286	311	310	311	307	286
Torey J. Sabatini School (1969)										
Square Feet	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	301	313	333	343	337	323	332	314	296	272
Madison Junior School (1926)										
Square Feet	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	547	536	548	589	610	635	624	617	612	590
Madison High School (1958)										
Square Feet	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	788	809	836	826	844	829	838	866	880	881
Board Office										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

Number of Schools at June 30, 2021
 Elementary = 3
 Middle School = 1
 High School = 1
 Other = 1

* - The sale of the Green Village Road School was completed during the 2015-16 fiscal year.
 Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.
 Source: Borough of Madison School District Board Office.

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

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

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2012	2013	2014	2015	2016
Central Avenue	N/A	\$ 147,287	\$ 135,480	\$ 109,524	\$ 200,355	\$ 279,273
Kings Road	N/A	113,441	97,887	79,133	144,760	201,779
Torey J. Sabatini	N/A	127,975	117,715	95,163	174,083	242,653
Junior School	N/A	233,629	214,884	173,716	317,782	442,952
High School	N/A	362,745	331,254	267,790	489,875	682,831
Grand Total		<u>\$ 985,077</u>	<u>\$ 897,220</u>	<u>\$ 725,326</u>	<u>\$ 1,326,855</u>	<u>\$ 1,849,488</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2017	2018	2019	2020	2021
Central Avenue	N/A	\$ 452,058	\$ 272,277	\$ 258,915	\$ 184,210	\$ 194,964
Kings Road	N/A	326,619	236,574	187,071	115,131	121,852
Torey J. Sabatini	N/A	392,781	431,857	224,965	161,184	170,593
Junior School	N/A	717,005	196,725	410,664	264,802	280,260
High School	N/A	1,105,296	665,727	638,046	425,987	450,854
Grand Total		<u>\$ 2,993,759</u>	<u>\$ 1,803,160</u>	<u>\$ 1,719,661</u>	<u>\$ 1,151,314</u>	<u>\$ 1,218,523</u>

N/A - Not Applicable.

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

Source: Borough of Madison School District records.

BOROUGH OF MADISON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	5,000,000	
Automobile Liability	5,000,000	
Employee Benefit Liability	5,000,000	1,000
<u>EXCESS LIABILITY:</u>		
Excludes School Board Legal Liability	5,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
Chartis:		
<u>SCHOOL BOARD LEGAL LIABILITY</u>	5,000,000	5,000
ACE American Insurance Company:		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
<u>STUDENT ACCIDENT</u>		
All Student Coverage - US Fire Co	25,000	
Catastrophic Coverage - US Fire Co	7,500,000	25,000
Public Employees' Faithful Performance Blanket Position Bond -		
Business Administrator	300,000	
Treasurer	300,000	

Source: Borough of Madison School District records.

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Madison School District as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2021.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Mount Arlington, New Jersey
November 8, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
November 8, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Balance at June 30, 2021		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	\$ 9,469			\$ (7,210)			\$ 2,259		
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	280,588			(280,588)					
COVID-19 - Seamless Summer Option	10.555	N/A	3/1/20-6/30/20	23,403			21,621			\$ (67,767)		
Total Child Nutrition Cluster / U.S. Department of Agriculture												
					(21,621)		(287,798)			(67,767)		2,259
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I												
Title I	84.010	ESEA287021	7/1/20-9/30/21	84,523			(28,962)			(13,562)		
Total Title I	84.010	ESEA287020	7/1/19-9/30/20	57,091		(275)	(28,962)			(13,562)		\$ 1,564
Title IIA	84.367	ESEA287021	7/1/20-9/30/21	47,950			(19,406)					
Title IIA	84.367	ESEA287020	7/1/19-9/30/20	33,756		(1,233)	(1,564)					
Total Title II						(1,233)	(20,970)					1,564
Title III	84.365	ESEA287021	7/1/20-9/30/21	19,245			(13,975)					
Title III	84.365	ESEA287020	7/1/19-9/30/20	14,127		(822)	(13,975)					
Total Title III						(822)	(13,975)					
Title III - Immigrant	84.365	ESEA287021	7/1/20-9/30/21	7,259			(6,100)			(6,100)		
Title IV	84.424	ESEA287020	7/1/19-9/30/20	10,021			(1,334)					
Education Stabilization Fund:												
COVID 19 - CARES Emergency Relief	84.425D	CARES287022	3/13/20-9/30/22	56,354			(43,121)					
COVID-19 - Bridging the Digital Divide	84.425D	S377A130031	7/16/20-10/31/20	22,925			(22,606)					
Total Education Stabilization Fund							(65,727)					
Special Education Cluster (IDEA):												
I.D.E.A. Part B, Basic	84.027	IDEA287021	7/1/20-9/30/21	664,094			(601,548)			(198,529)		
I.D.E.A. Part B, Basic	84.027	IDEA287020	7/1/19-9/30/20	566,620		(85,608)		\$ (1)				
I.D.E.A. Part B, Basic	84.027	IDEA287019	7/1/18-9/30/19	591,924				\$ 221	\$ (221)			
I.D.E.A. Preschool	84.173	IDEA287021	7/1/20-9/30/21	33,870			(20,858)			(20,858)		
I.D.E.A. Preschool	84.173	IDEA287020	7/1/19-9/30/20	20,878		(7,866)	(622,406)		(1)	(219,387)		
Total Special Education Cluster (IDEA)						(93,474)	(221)	496,494	(1)	(221)	(219,387)	
Total U.S. Department of Education						(95,804)	221	617,794	(1)	(221)	(239,049)	1,564

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expendi- tures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021		Amounts Provided to Subrecipients	
					Budgetary Accounts Receivable	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue		Due to Grantor
U.S. Department of Treasury:														
Passed-through State Department of Education:														
Special Revenue Fund:														
COVID 19 - Coronavirus Relief Fund	21.019	N/A	7/1/20-12/30/20	\$ 84,011			\$ 84,011	\$ (83,979)				\$ 32		
Total U.S. Department of Treasury														
U.S. Department of Health and Human Services:														
Medicaid Cluster:														
Medicaid Assistance Program	93.778	N/A	7/1/20-6/30/21	792			792	(792)						
Total U.S. Department of Health and Human Services/Total Medicaid Cluster														
Total Federal Awards														
					\$ (117,425)	\$ 221	\$ 946,508	\$ (1,132,043)	\$ (1)	\$ (221)	\$ (306,816)	\$ 2,259	\$ 1,596	\$ -0-

N/A - Not Available/Applicable

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

**BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at		MEMO	
				June 30, 2020					June 30, 2021			
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		Budgetary Receivable
State Department of Education:												
General Fund State Aid:												
Special Education Aid	21-495-0344-5120-089	7/1/20-6/30/21	\$ 1,335,808	\$	\$ 1,206,397	\$ (1,335,808)	\$	\$	\$ (129,411)	\$	1,335,808	
Security Aid	21-495-0344-5120-084	7/1/20-6/30/21	205,379		185,482	(205,379)			(19,897)		205,379	
Transportation Aid	21-495-0344-5120-014	7/1/20-6/30/21	255,898		231,107	(255,898)			(24,791)		255,898	
Excess Nonpublic Transportation Costs	21-495-0344-5120-014	7/1/20-6/30/21	55,261			(55,261)			(55,261)		55,261	
Extraordinary Special Education Costs Aid	21-100-0344-5120-473	7/1/20-6/30/21	672,909		1,492,748	(672,909)			(672,909)		672,909	
Reimbursed TPAF Social Security Contributions	21-495-0344-5094-003	7/1/20-6/30/21	1,570,113		1,823,586	(1,570,113)			(77,365)		1,570,113	
On-Behalf TPAF Post Retirement Contributions	21-495-0344-5094-001	7/1/20-6/30/21	1,823,586		5,710,359	(1,823,586)			(77,365)		1,823,586	
On-Behalf TPAF Pension Contributions	21-495-0344-5094-002	7/1/20-6/30/21	5,710,359		108,647	(5,710,359)					5,710,359	
On-Behalf TPAF Non-Contributory Insurance	21-495-0344-5094-004	7/1/20-6/30/21	108,647		3,768	(108,647)					108,647	
On-Behalf TPAF Long-Term Disability Insurance	21-495-0344-5094-004	7/1/20-6/30/21	3,768			(3,768)					3,768	
Transportation Aid	20-495-0344-5120-014	7/1/19-6/30/20	255,898	\$ (24,849)	24,849						255,898	
Special Education Aid	20-495-0344-5120-089	7/1/19-6/30/20	1,237,094	(120,127)	120,127						1,237,094	
Security Aid	20-495-0344-5120-084	7/1/19-6/30/20	205,379	(19,943)	19,943						205,379	
Extraordinary Special Education Costs Aid	20-100-0344-5120-473	7/1/19-6/30/20	365,949	(365,949)	365,949						365,949	
Excess Nonpublic Transportation Costs	20-495-0344-5120-014	7/1/19-6/30/20	8,778	(8,778)	8,778						8,778	
Reimbursed TPAF Social Security Contributions	20-495-0344-5094-003	7/1/19-6/30/20	1,534,824	(76,594)	76,594						1,534,824	
Subtotal - General Fund				(616,240)	11,378,334	(11,741,728)			(979,634)		15,349,650	
Debt Service Fund Aid:												
Debt Service Aid - State Support	21-495-0344-5120-075	7/1/20-6/30/21	540,075		540,075	(540,075)					540,075	
Subtotal - Debt Service Fund					540,075	(540,075)					540,075	
State Department of Education:												
Food Service Fund:												
COVID-19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	15,453		12,373	(15,453)			(3,080)		15,453	
COVID-19 - Seamless Summer Option	20-100-010-3350-023	3/1/20-6/30/20	370	(342)	342						370	
Subtotal - Food Service Fund				(342)	12,715	(15,453)			(3,080)		15,823	

**BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	\$ 24,385	\$ (2,145)	\$ 4,055	\$ 24,385	\$ (23,480)	\$ (4,055)	\$ 905	\$	\$	\$ 23,480
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	20,279		6,767	2,145						16,224
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	6,767									
Nonpublic Handicapped Services:												
Supplementary Instruction	21-100-034-5120-067	7/1/20-6/30/21	29,141	(3,236)	1,537	29,141	(26,552)	(1,537)	2,589			26,552
Supplementary Instruction	20-100-034-5120-067	7/1/19-6/30/20	28,088			3,236						26,551
Corrective Speech	21-100-034-5120-067	7/1/20-6/30/21	20,051	(2,074)	3,373	20,051	(17,773)	(3,373)	2,278			17,773
Corrective Speech	20-100-034-5120-067	7/1/19-6/30/20	16,953			2,074						13,580
Examination and Classification	21-100-034-5120-067	7/1/20-6/30/21	38,092	(6,330)	2,084	38,092	(37,719)	(2,084)	373			37,719
Examination and Classification	20-100-034-5120-067	7/1/19-6/30/20	43,664			6,330						41,580
N.J. Nonpublic Textbook Aid	21-100-034-5120-067	7/1/20-6/30/21	32,805			32,805	(23,336)		9,469			23,336
N.J. Nonpublic Nursing Aid	21-100-034-5120-067	7/1/20-6/30/21	54,774			54,774	(38,964)		15,810			38,964
N.J. Nonpublic Security Aid	21-100-034-5120-067	7/1/20-6/30/21	93,975			93,975	(66,850)	(817)	27,125			66,850
N.J. Nonpublic Security Aid	20-100-034-5120-067	7/1/19-6/30/20	61,050		817							60,233
Subtotal - Special Revenue Fund			(13,785)		18,633	307,008	(234,674)	(11,866)	65,316			432,806
Total State Department of Education			(630,367)		18,633	12,238,132	(12,531,930)	(11,866)	65,316			16,338,354
Total State Awards			\$ (630,367)		\$ 18,633	\$ 12,238,132	\$ (12,531,930)	\$ (11,866)	\$ 65,316			\$ 16,338,354

Less: State Awards Not Subject to Single Audit Major Program Determination
On-Behalf TPAF Pension System Contributions:
On-Behalf TPAF Post Retirement Contributions 21-495-034-5094-001 (1,823,586)
On-Behalf TPAF Pension Contributions 21-495-034-5094-002 (5,710,359)
On-Behalf TPAF Non-Contributory Insurance 21-495-034-5094-004 (108,647)
On-Behalf TPAF Long-Term Disability Insurance 21-495-034-5094-004 (3,768)
Subtotal - On-Behalf TPAF Pension System Contributions 7,646,360

Total State Awards Subject to Single Audit Major Program Determination

\$ (4,885,570)

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Madison School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent fiscal year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,180) for the general fund and \$5,069 for the special revenue fund (of which the full amount relates to local grants). See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 792	\$ 11,732,548	\$ 11,733,340
Special Revenue Fund	843,453	234,674	1,078,127
Debt Service Fund		540,075	540,075
Proprietary Fund	287,798	15,453	303,251
Total Awards	<u>\$ 1,132,043</u>	<u>\$ 12,522,750</u>	<u>\$ 13,654,793</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

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

	<u>State Grant Number/ C.F.D.A. Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Reimbursed TPAF Social Security Aid	21-495-034-5094-003	7/1/20-6/30/21	\$ 1,570,113	\$ 1,570,113
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/20-9/30/21	664,094	601,548
I.D.E.A. Preschool	84.173	7/1/20-9/30/21	33,870	20,858

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for federal programs.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF MADISON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.