

**SCHOOL DISTRICT
OF THE
BOROUGH OF MADISON**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

Borough of Madison School District

Madison, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)

MADISON PUBLIC SCHOOLS



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

Danielle Mancuso, *Business Administrator*

February 6, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Borough of Madison School District (the "District") for the fiscal year ended June 30, 2022, 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 annual comprehensive 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 2021-2022 fiscal year with an average daily enrollment of 2,478 students, which is a increase of 1 student from the previous fiscal year's average daily enrollment. This decrease was preceded by a 120 student decrease in the average daily enrollment in the 2020-2021 fiscal year.

2) ECONOMIC CONDITION AND OUTLOOK: Madison Public Schools reopened in September 2021 with a full day schedule for students and staff. The restrictions for a modified/hybrid day were lifted, although COVID-19 challenges still prevailed. The use of masks, contact tracing with the Department of Health, and social distancing still remained in place for school district operations. The 2021-2022 school year presented increased staffing challenges, transportation shortages, and equipment and supply chain delays. The district continued to utilize federal funding for items such as masks, sanitizer, and desk shields. The district also completed an HVAC renovation project at the Madison High School where individual unit ventilators were installed in every classroom to provide a fresh air source for students and staff. Additionally, Madison Public Schools was affected by the Chapter 44 legislation and the 2% tax levy was reduced to 1% due to projected healthcare savings. The Madison Board of Education successfully appealed the decision by providing documentation that the realized savings was due to the reduction in premium costs. It is also important to note that the district generated banked cap this year due to the increase in state aid that was received. The banked cap will aid the district in their efforts to repair the tremendous amount of facility repairs needed.

3) MAJOR INITIATIVES: The district is planning to go to bond referendum in September 2023. The referendum has been a comprehensive process that included administration, staff, stakeholders and members of the Board of Education. The referendum is structured in three questions with questions one and two both being focused on health and safety, security, infrastructure needs. The third question was developed to address academic and athletic needs for our student population.

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, 2022.

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 12 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
February 6, 2023

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 blue ink, appearing to read 'M. Schwarz', written over a horizontal line.

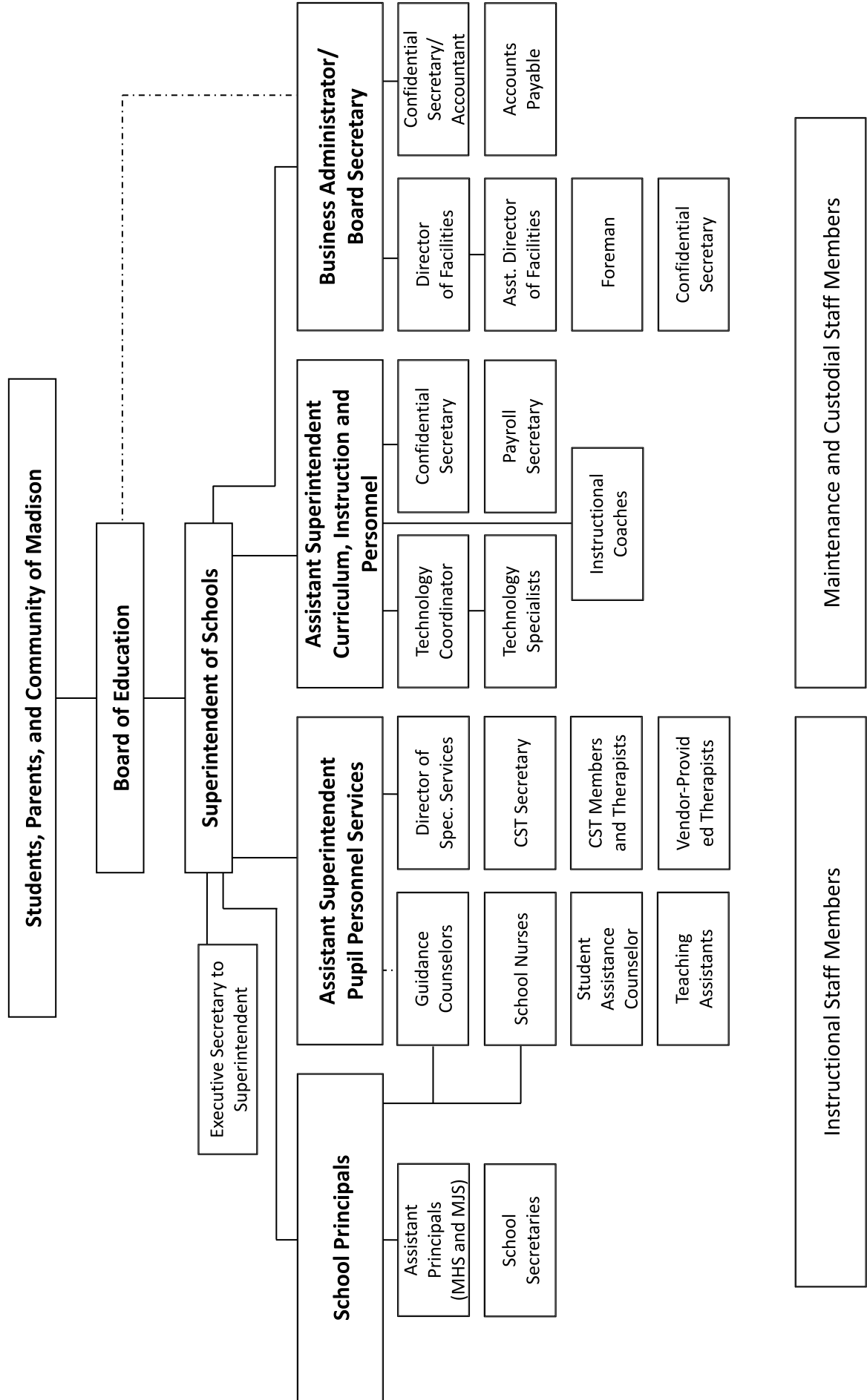
Mark Schwarz
Superintendent

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

Kathleen Kane
Interim School Business Administrator/Board
Secretary



MADISON PUBLIC SCHOOLS ORGANIZATIONAL CHART 2021-2022



**BOROUGH OF MADISON SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2022**

<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	2024
Grace Kim	2024
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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Madison School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information 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*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023 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 District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
February 6, 2023

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, 2022**

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, 2022. 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 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**

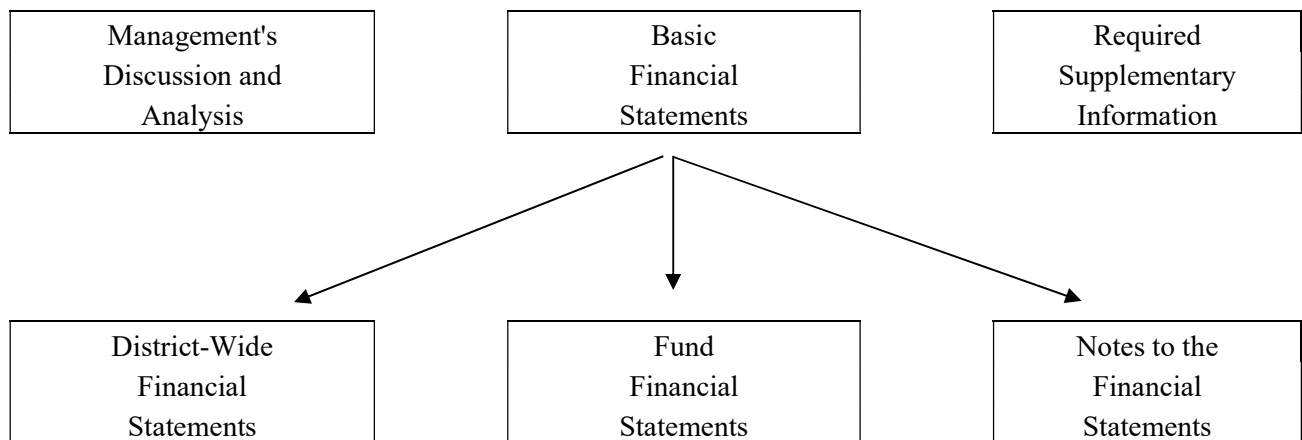


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 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, lease 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, 2022**

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 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, 2022**

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 19.23%. Net position from governmental activities increased \$3,751,212 and net position from business-type activities increased by \$237,784. Net investment in capital assets increased by \$781,135, restricted net position increased by \$325,483, and unrestricted net position (deficit) increased by \$2,882,378.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	(Restated)				(Restated)		
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Current and Other Assets	\$ 11,595,293	\$ 10,411,629	\$ 565,022	\$ 217,571	\$ 12,160,315	\$ 10,629,200	
Capital Assets, Net	54,484,984	54,647,517	216,849	230,432	54,701,833	54,877,949	
Lease Assets, Net	847,928	821,035			847,928	821,035	
Total Assets	66,928,205	65,880,181	781,871	448,003	67,710,076	66,328,184	2.08%
Deferred Outflows of Resources	4,590,735	7,011,009			4,590,735	7,011,009	-34.52%
Other Liabilities	1,672,387	1,656,574	187,346	91,262	1,859,733	1,747,836	
Long-Term Liabilities	40,312,044	45,675,210			40,312,044	45,675,210	
Total Liabilities	41,984,431	47,331,784	187,346	91,262	42,171,777	47,423,046	-11.07%
Deferred Inflows of Resources	5,399,413	5,175,522			5,399,413	5,175,522	4.33%
Net Position:							
Net Investment in Capital Assets	26,404,602	25,609,884	216,849	230,432	26,621,451	25,840,316	
Restricted	7,240,925	6,915,442			7,240,925	6,915,442	
Unrestricted (Deficit)	(9,510,431)	(12,141,442)	377,676	126,309	(9,132,755)	(12,015,133)	
Total Net Position	\$ 24,135,096	\$ 20,383,884	\$ 594,525	\$ 356,741	\$ 24,729,621	\$ 20,740,625	19.23%

Changes in Net Position. The District's combined net position was \$24,729,621 on June 30, 2022, \$3,988,996 or 19.23% more than it was last fiscal year (See Figure A-3). Net Investment in Capital Assets increased primarily due to the current year maturity of serial bonds payable of \$1,875,000, maturity of \$223,631 in lease principal, maturity of \$28,134 in financed purchases principal and current year capital assets additions (net of deletions) of \$2,073,746; offset by a net decrease in deferred amount on refunding of \$931,878, current year depreciation expense of \$2,249,862 and a new lease of \$264,529. Restricted net position increased primarily due to the net increase in excess surplus; offset by a decrease in the capital reserve. Unrestricted net position increased due to an increase in encumbrances, an increase in designated for subsequent year's expenditures and changes in net pension liability, related deferred outflows and deferred inflows.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total School District		Total
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	Percentage Change 2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,485,510	\$ 2,544,009	\$ 383,374	\$ 63,103	\$ 2,868,884	\$ 2,607,112	
Grants and Contributions:							
Operating	14,808,922	14,868,985	908,513	303,251	15,717,435	15,172,236	
General Revenue:							
Property Taxes	46,025,184	45,271,029			46,025,184	45,271,029	
Unrestricted State and Federal Aid	746,384	746,292			746,384	746,292	
Other	473,202	472,327			473,202	472,327	
Total Revenue	<u>64,539,202</u>	<u>63,902,642</u>	<u>1,291,887</u>	<u>366,354</u>	<u>65,831,089</u>	<u>64,268,996</u>	2.43%
Expenses:							
Instruction	35,345,127	36,230,941			35,345,127	36,230,941	
Pupil and Instruction Services	12,084,090	12,693,896			12,084,090	12,693,896	
Administrative and Business	5,602,668	5,588,638			5,602,668	5,588,638	
Maintenance and Operations	4,383,787	4,702,870			4,383,787	4,702,870	
Transportation	2,297,121	1,708,784			2,297,121	1,708,784	
Other	1,075,197	1,788,267	1,054,103	349,491	2,129,300	2,137,758	
Total Expenses	<u>60,787,990</u>	<u>62,713,396</u>	<u>1,054,103</u>	<u>349,491</u>	<u>61,842,093</u>	<u>63,062,887</u>	-1.94%
Transfers	<u>-0-</u>	<u>288,615</u>	<u>-0-</u>	<u>(288,615)</u>	<u>-0-</u>	<u>-0-</u>	
Change in Net Position	<u>\$ 3,751,212</u>	<u>\$ 1,477,861</u>	<u>\$ 237,784</u>	<u>\$ (271,752)</u>	<u>\$ 3,988,996</u>	<u>\$ 1,206,109</u>	-230.73%

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 35,345,127	\$ 36,230,941	\$ 22,266,584	\$ 22,596,737
Pupil and Instruction Services	12,084,090	12,693,896	9,220,504	10,147,257
Administrative and Business	5,602,668	5,588,638	4,705,213	4,667,704
Maintenance and Operations	4,383,787	4,702,870	4,234,923	4,702,870
Transportation	2,297,121	1,708,784	1,991,137	1,397,567
Other	1,075,197	1,788,267	1,075,197	1,788,267
	<u>\$ 60,787,990</u>	<u>\$ 62,713,396</u>	<u>\$ 43,493,558</u>	<u>\$ 45,300,402</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$237,784. (Refer to Figure A-4). Factors contributing to these results included:

- Food Service Fund revenues exceeded expenses by \$154,380, due to an increase in subsidy reimbursements as free meals were offered to all children through the Seamless Summer Option (SSO) Program.
- Integrated Preschool Fund revenues exceeded expenses by \$23,750.
- Summer Program Fund revenues exceeded expenses by \$59,654.

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Land	\$ 9,072,600	\$ 9,072,600			\$ 9,072,600	\$ 9,072,600	
Land Improvements	1,312,987	1,477,565			1,312,987	1,477,565	
Buildings and Building Improvements	42,459,281	42,327,436			42,459,281	42,327,436	
Machinery and Equipment	1,640,116	1,769,916	\$ 216,849	\$ 230,432	1,856,965	2,000,348	
Total Capital Assets (Net of Depreciation)	\$54,484,984	\$54,647,517	\$ 216,849	\$ 230,432	\$54,701,833	\$54,877,949	-0.32%

The District's overall capital assets, net of depreciation, decreased by \$176,116 or 0.32% 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 \$5,363,166 or 11.74% from last fiscal year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the basic financial statements.)

**BOROUGH OF MADISON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Long-term Liabilities (Cont'd)

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

	Total School District		Total Percentage Change 2021/22
	2021/22	(Restated) 2020/21	
General Obligation Bonds (Financed with Property Taxes)	\$ 30,550,000	\$ 32,425,000	
Unamortized Bond Issuance Premium	698,552	1,260,559	
Net Pension Liability	7,386,819	10,365,580	
Other Long-Term Liabilities	1,676,673	1,624,071	
	<u>\$ 40,312,044</u>	<u>\$ 45,675,210</u>	-11.74%

- The District continued to pay down its debt, retiring \$1,875,000 of serial bonds.
- Unamortized bond issuance premiums decreased by \$562,007.
- The District's net pension liability decreased by \$2,978,761.
- The District entered into a \$264,529 lease for copiers in the current fiscal year and paid down \$223,631 in lease principal.
- The District paid down \$28,134 in financed purchase principal in the current fiscal year.
- The District's compensated absences payable decreased by a net amount of \$39,838.

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 has submitted project applications to the NJDOE for approval to go to an \$80M referendum which focuses on health, safety, and security. The district will continue to engage the community and stakeholders in moving towards the September 2023 referendum vote.
- 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, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,161,569	\$ 396,599	\$ 4,558,168
Receivables from State Government	982,312	3,289	985,601
Receivables from Federal Government	547,457	151,291	698,748
Receivables from Other Governments	185,599		185,599
Other Receivables	11,467		11,467
Inventories		13,843	13,843
Restricted Cash and Cash Equivalents	5,706,889		5,706,889
Capital Assets, Net:			
Sites (Land)	9,072,600		9,072,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	45,412,384	216,849	45,629,233
Lease Assets, net	847,928		847,928
Total Assets	<u>66,928,205</u>	<u>781,871</u>	<u>67,710,076</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	2,560,972		2,560,972
Deferred Outflows Related to Pensions	1,373,404		1,373,404
District Contribution Subsequent to the Measurement Date - Pensions	656,359		656,359
Total Deferred Outflows of Resources	<u>4,590,735</u>		<u>4,590,735</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,479,046	60,751	1,539,797
Accrued Interest Payable	82,731		82,731
Payable to Federal Government	32		32
Payable to State Government	29,663		29,663
Unearned Revenue	80,915	126,595	207,510
Noncurrent Liabilities:			
Due Within One Year	2,505,546		2,505,546
Due Beyond One Year	37,806,498		37,806,498
Total Liabilities	<u>41,984,431</u>	<u>187,346</u>	<u>42,171,777</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	5,399,413		5,399,413
Total Deferred Inflows of Resources	<u>5,399,413</u>		<u>5,399,413</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	26,404,602	216,849	26,621,451
Restricted for:			
Capital Projects	3,675,599		3,675,599
Debt Service	2		2
Maintenance	1,266,795		1,266,795
Unemployment Compensation	278,789		278,789
Excess Surplus	1,534,034		1,534,034
Student Activities	346,484		346,484
Scholarships	139,222		139,222
Unrestricted/(Deficit)	<u>(9,510,431)</u>	<u>377,676</u>	<u>(9,132,755)</u>
Total Net Position	<u>\$ 24,135,096</u>	<u>\$ 594,525</u>	<u>\$ 24,729,621</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, 2022

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	\$ 25,380,410	\$ 1,539,779	\$ 6,297,440	\$ (17,543,191)		\$ (17,543,191)
Special Education	6,643,111	470,160	4,200,763	(1,972,188)		(1,972,188)
Other Special Instruction	2,012,028		478,533	(1,533,495)		(1,533,495)
School Sponsored/Other Instruction	1,309,578	91,868		(1,217,710)		(1,217,710)
Support Services:						
Tuition	2,113,658		552,362	(1,561,296)		(1,561,296)
Student and Instruction Related Services	9,970,432	383,703	1,927,521	(7,659,208)		(7,659,208)
General Administrative Services	1,775,795		259,886	(1,515,909)		(1,515,909)
School Administrative Services	2,701,282		570,922	(2,130,360)		(2,130,360)
Central Services	547,847		66,647	(481,200)		(481,200)
Administrative Information Technology	577,744			(577,744)		(577,744)
Plant Operations and Maintenance	4,383,787		148,864	(4,234,923)		(4,234,923)
Pupil Transportation	2,297,121		305,984	(1,991,137)		(1,991,137)
Transfer of Funds to Charter School	62,514			(62,514)		(62,514)
Interest on Long-Term Debt	1,012,683			(1,012,683)		(1,012,683)
Total Governmental Activities	60,787,990	2,485,510	14,808,922	(43,493,558)		(43,493,558)
Business-Type Activities:						
Food Service	989,226	235,093	908,513		\$ 154,380	154,380
Integrated Preschool		23,750			23,750	23,750
Summer Program	64,877	124,531			59,654	59,654
Total Business-Type Activities	1,054,103	383,374	908,513		237,784	237,784
Total Primary Government	\$ 61,842,093	\$ 2,868,884	\$ 15,717,435	(43,493,558)	237,784	(43,255,774)

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 44,041,638		\$ 44,041,638
Taxes Levied for Debt Service	1,983,546		1,983,546
Federal, State and Local Aid not Restricted	746,384		746,384
Interest Earnings	27,908		27,908
Miscellaneous Income	445,294		445,294
Total General Revenues	47,244,770		47,244,770
Change in Net Position	3,751,212	\$ 237,784	3,988,996
Net Position - Beginning (Restated)	20,383,884	356,741	20,740,625
Net Position - Ending	\$ 24,135,096	\$ 594,525	\$ 24,729,621

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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,161,567		\$ 2	\$ 4,161,569
Interfund Receivable	425,476			425,476
Receivables From State Government	918,576	\$ 63,736		982,312
Receivables From Federal Government	836	546,621		547,457
Receivables From Other Governments	185,599			185,599
Other Accounts Receivables		11,467		11,467
Restricted Cash and Cash Equivalents	5,221,183	485,706		5,706,889
Total Assets	\$ 10,913,237	\$ 1,107,530	\$ 2	\$ 12,020,769
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		\$ 425,476		\$ 425,476
Accounts Payable	\$ 732,323	90,364		822,687
Payable to Federal Government		32		32
Payable to State Government		29,663		29,663
Unearned Revenue	4,626	76,289		80,915
Total Liabilities	736,949	621,824		1,358,773
Fund Balances:				
Restricted:				
Capital Reserve	3,675,599			3,675,599
Maintenance Reserve	1,266,795			1,266,795
Unemployment Compensation	278,789			278,789
Excess Surplus - 2023-2024	1,034,034			1,034,034
Excess Surplus - 2022-2023	500,000			500,000
Student Activities		346,484		346,484
Scholarships		139,222		139,222
Debt Service			\$ 2	2
Assigned:				
Designated for Subsequent Year's Expenditures	296,325			296,325
Other Purposes	785,390			785,390
Unassigned	2,339,356			2,339,356
Total Fund Balances	10,176,288	485,706	2	10,661,996
Total Liabilities and Fund Balances	\$ 10,913,237	\$ 1,107,530	\$ 2	\$ 12,020,769

BOROUGH OF MADISON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total
Governmental
Funds

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

Total Fund Balances from previous page	\$ 10,661,996
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	54,484,984
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	847,928
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(698,552)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	2,560,972
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(82,731)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,386,819)
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	(4,026,009)
Long-Term Liabilities, Including Bonds Payable, Leases Payable, and Financed Purchases Payable are not Due and Payable in the Current Period and therefore are not Reported as Liabilities in the Funds.	<u>(32,226,673)</u>
Net Position of Governmental Activities	<u><u>\$ 24,135,096</u></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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local and Intermediate Sources:				
Local Tax Levy	\$ 44,041,638		\$ 1,983,546	\$ 46,025,184
Tuition from Individuals	117,407			117,407
Tuition from Other LEAs	1,892,532			1,892,532
Rents and Royalties	26,403			26,403
Interest Earned on Maintenance Reserve Funds	2,000			2,000
Interest Earned on Capital Reserve Funds	3,509			3,509
Restricted Miscellaneous Revenue	35,442	\$ 409,386		444,828
Unrestricted Miscellaneous Revenue	299,035	55,189		354,224
PILOT Payments to School District	198,681			198,681
Total - Local and Intermediate Sources	46,616,647	464,575	1,983,546	49,064,768
State Sources	14,702,140	291,789	538,722	15,532,651
Federal Sources	2,285	1,471,584		1,473,869
Total Revenues	61,321,072	2,227,948	2,522,268	66,071,288
EXPENDITURES:				
Current:				
Regular Instruction	15,468,404	375,657		15,844,061
Special Education Instruction	3,910,865			3,910,865
Other Special Instruction	1,055,517			1,055,517
School-Sponsored/Other Instruction	1,166,059			1,166,059
Support Services and Undistributed Costs:				
Tuition	1,561,296	552,362		2,113,658
Student and Other Instruction Related Services	6,253,881	1,251,612		7,505,493
General Administrative Services	1,327,443			1,327,443
School Administrative Services	1,755,423			1,755,423
Central Services	393,616			393,616
Administrative Information Technology	484,966			484,966
Plant Operations and Maintenance	3,835,668			3,835,668
Student Transportation	2,191,134			2,191,134
Unallocated Benefits	18,514,444			18,514,444
Debt Service:				
Principal			1,875,000	1,875,000
Interest and Other Charges			647,267	647,267
Capital Outlay	2,469,198	63,736		2,532,934
Transfer of Funds to Charter School	62,514			62,514
Total Expenditures	60,450,428	2,243,367	2,522,267	65,216,062

BOROUGH OF MADISON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<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	\$ 870,644	\$ (15,419)	\$ 1	\$ 855,226
Other Financing Sources:				
Leases (Non-budgeted)	<u>264,529</u>			<u>264,529</u>
Total Other Financing Sources	<u>264,529</u>			<u>264,529</u>
Net Change in Fund Balances	1,135,173	(15,419)	1	1,119,755
Fund Balance - July 1	<u>9,041,115</u>	<u>501,125</u>	<u>1</u>	<u>9,542,241</u>
Fund Balance - June 30	<u>\$ 10,176,288</u>	<u>\$ 485,706</u>	<u>\$ 2</u>	<u>\$ 10,661,996</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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	1,119,755
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays related to capital assets 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	\$	(2,223,201)
Capital Asset Additions		<u>2,060,668</u>
		(162,533)
Capital outlays related to lease assets are reported in Governmental Funds as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.		
Amortization Expense		(237,636)
Lease Asset Additions		<u>264,529</u>
		26,893
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 (+).		
		4,455
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		(264,529)
Repayment of leases 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.		
		223,631
Repayment of financed purchases 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.		
		28,134
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.		
		1,875,000
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.		
		562,007
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.		
		(931,878)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		2,978,761
Changes in Deferred Outflows		(1,444,755)
Changes in Deferred Inflows		(223,891)
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>(39,838)</u>
Change in Net Position of Governmental Activities	\$	<u>3,751,212</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, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds		Non-Major Fund	Total Enterprise Funds
	Food Service	Summer Program		
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 119,558	\$ 208,391	\$ 68,650	\$ 396,599
Intergovernmental Accounts Receivable:				
State	3,289			3,289
Federal	151,291			151,291
Inventories	13,843			13,843
Total Current Assets	287,981	208,391	68,650	565,022
Non-Current Assets:				
Capital Assets	466,598			466,598
Less: Accumulated Depreciation	(249,749)			(249,749)
Total Non-Current Assets	216,849			216,849
Total Assets	504,830	208,391	68,650	781,871
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	60,751			60,751
Unearned Revenue - Donated Commodities	6,583			6,583
Unearned Revenue - Prepaid Sales/Fees	16,434	98,378	5,200	120,012
Total Current Liabilities	83,768	98,378	5,200	187,346
Total Liabilities	83,768	98,378	5,200	187,346
<u>NET POSITION:</u>				
Investment in Capital Assets	216,849			216,849
Unrestricted	204,213	110,013	63,450	377,676
Total Net Position	\$ 421,062	\$ 110,013	\$ 63,450	\$ 594,525

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, 2022

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Major Funds		Non-Major Fund	
	Food Service	Summer Program		
Operating Revenue:				
Daily Sales:				
Non-Reimbursable Programs	\$ 235,093			\$ 235,093
Charges for Services:				
Program Fees		\$ 124,531	\$ 23,750	148,281
Total Operating Revenue	235,093	124,531	23,750	383,374
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	377,530			377,530
Non-Reimbursable Programs	106,483			106,483
Salaries	262,095	64,877		326,972
Employee Benefits	90,053			90,053
Purchased Professional and Technical Services	35,382			35,382
Other Purchased Services	15,903			15,903
Supplies and Materials	33,127			33,127
Miscellaneous Expense	41,992			41,992
Depreciation Expense	26,661			26,661
Total Operating Expenses	989,226	64,877		1,054,103
Operating Income/(Loss)	(754,133)	59,654	23,750	(670,729)
Non-Operating Revenue:				
State Sources:				
COVID-19 - Seamless Summer Option	19,491			19,491
Federal Sources:				
COVID-19 - Seamless Summer Option	877,272			877,272
COVID-19 - P-EBT Reimbursement	1,242			1,242
COVID-19 - Emergency Operational Cost Program	4,088			4,088
Food Distribution Program	6,420			6,420
Total Non-Operating Income	908,513			908,513
Change in Net Position	154,380	59,654	23,750	237,784
Net Position - Beginning of Year	266,682	50,359	39,700	356,741
Net Position - End of Year	\$ 421,062	\$ 110,013	\$ 63,450	\$ 594,525

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, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total
	Food Service	Summer Program	Non-Major Fund	Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 225,643	\$ 195,498	\$ 27,050	\$ 448,191
Payments to Food Service Contractor	(890,028)			(890,028)
Payments to/for Employees		(64,877)		(64,877)
Payments to Suppliers	(36,444)			(36,444)
Net Cash Provided by/(Used for) Operating Activities	(700,829)	130,621	27,050	(543,158)
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(13,078)			(13,078)
Net Cash Used for Capital and Related Financing Activities	(13,078)			(13,078)
Cash Flows from Noncapital Financing Activities:				
State Sources	19,282			19,282
Federal Sources	799,078			799,078
Net Cash Provided by Noncapital Financing Activities	818,360			818,360
Net Increase in Cash and Cash Equivalents	104,453	130,621	27,050	262,124
Cash and Cash Equivalents, July 1	15,105	77,770	41,600	134,475
Cash and Cash Equivalents, June 30	\$ 119,558	\$ 208,391	\$ 68,650	\$ 396,599
Reconciliation of Operating Income/(Loss) to				
Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (754,133)	\$ 59,654	\$ 23,750	\$ (670,729)
Adjustment to Reconcile Operating Income/(Loss) to Net				
Cash Provided by/(Used for) Operating Activities:				
Depreciation	26,661			26,661
Food Distribution Program	6,420			6,420
Changes in Assets and Liabilities:				
(Increase) in Inventory	(1,594)			(1,594)
Increase in Accounts Payable	26,943			26,943
Increase/(Decrease) in Unearned Revenue	(5,126)	70,967	3,300	69,141
Net Cash Provided by/(Used for) Operating Activities	\$ (700,829)	\$ 130,621	\$ 27,050	\$ (543,158)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$10,744 and utilized U.S.D.A. Commodities valued at \$6,420.

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, 2022

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, 2022

(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 or lease 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, 2022

(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 and Summer Programs) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, integrated preschool and summer programs operations. The food service, integrated preschool 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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, 2022 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, 2022
(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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 61,363,746	\$ 2,283,076
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		1,788
Cancellation of Prior Year Encumbrances		(9)
Current Year Encumbrances		(56,907)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	174,099	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(216,773)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 61,321,072	\$ 2,227,948

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 60,450,428	\$ 2,298,495
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		1,788
Cancellation of Prior Year Encumbrances		(9)
Current Year Encumbrances		(56,907)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 60,450,428	\$ 2,243,367

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, 2022

(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, 2022.

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, 2022
(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. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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, 2022.

O. 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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

O. Compensated Absences: (Cont'd)

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

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

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. 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.

R. Fund Balance Appropriated:

General Fund: Of the \$10,176,288 General Fund fund balance at June 30, 2022, \$785,390 is assigned for encumbrances; \$296,325 is assigned and included as anticipated revenue for the fiscal year ending June 30, 2023; \$3,675,599 is restricted in the capital reserve account; \$1,266,795 is restricted in the maintenance reserve account; \$278,789 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, 2023; \$1,034,034 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, 2024; and \$2,339,356 is unassigned which is \$216,773 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, 2023.

Special Revenue Fund: Of the \$485,706 Special Revenue Fund fund balance at June 30, 2022, \$346,484 is restricted for student activities and \$139,222 is restricted for scholarships.

Debt Service Fund: Of the \$2 restricted fund balance in the Debt Service Fund at June 30, 2022, \$1 is anticipated revenue for the fiscal year ending June 30, 2023.

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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

R. Fund Balance Appropriated: (Cont'd)

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.

S. 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, 2022.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and amounts designated for subsequent fiscal year's expenditures in the General Fund at June 30, 2022.

T. Deficit Net Position:

The District has a deficit in unrestricted net position of \$9,510,431 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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

U. 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, 2022 for the deferred amount on refunding of debt related to the District's 2012 and 2015 refunding bonds, and deferred outflows and inflows of resources related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, 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.

V. 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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

W. 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 and summer programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each Enterprise Fund.

X. 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.

Y. 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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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 section of the Note on investments.

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.

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;

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments (Cont'd)

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments (Cont'd)

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Unrestricted	Restricted	
Checking and Savings Accounts	\$ 4,558,168	\$ 5,706,889	\$ 10,265,057

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$10,265,057 and the bank balance was \$10,669,411.

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 3,868,472
Increase by:	
Board Resolution - June 2022	2,000,000
Interest Earned	3,509
Unexpended Balance Returned	371,203
Less: Budgeted Withdrawal	(2,567,585)
Ending Balance, June 30, 2022	\$ 3,675,599

The balance in the capital reserve account at June 30, 2022 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,302,497
Increase by:	
Interest Earned	2,000
Unexpended Balance Returned	112,298
Less: Budgeted Withdrawal	<u>(150,000)</u>
Ending Balance, June 30, 2022	<u><u>\$ 1,266,795</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2022, the District transferred \$245,199 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7: CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
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	3,572,492			3,572,492
Buildings and Building Improvements	65,253,354	\$ 1,873,790		67,127,144
Machinery and Equipment	5,405,876	186,878		5,592,754
Total Capital Assets Being Depreciated	<u>74,231,722</u>	<u>2,060,668</u>		<u>76,292,390</u>
Governmental Activities Capital Assets	<u>83,304,322</u>	<u>2,060,668</u>		<u>85,364,990</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,094,927)	(164,578)		(2,259,505)
Buildings and Building Improvements	(22,925,918)	(1,741,945)		(24,667,863)
Machinery and Equipment	(3,635,960)	(316,678)		(3,952,638)
	<u>(28,656,805)</u>	<u>(2,223,201)</u>		<u>(30,880,006)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,647,517</u>	<u>\$ (162,533)</u>	<u>\$ -0-</u>	<u>\$ 54,484,984</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 453,520	\$ 13,078		\$ 466,598
Less Accumulated Depreciation	(223,088)	(26,661)		(249,749)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 230,432</u>	<u>\$ (13,583)</u>	<u>\$ -0-</u>	<u>\$ 216,849</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 857,869
Special Education	193,021
Other Instruction	257,360
Support Services	392,083
General Administration	64,340
School Administration	85,787
Central Services	21,446
Administrative Information Technology	21,446
Maintenance/Custodial	240,722
Pupil Transportation	89,127
	<u>\$ 2,223,201</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 1,301,168	\$ 264,529	\$ (314,141)	\$ 1,251,556
Total Lease Assets Being Amortized	<u>1,301,168</u>	<u>264,529</u>	<u>(314,141)</u>	<u>1,251,556</u>
Governmental Activities Lease Assets	<u>1,301,168</u>	<u>264,529</u>	<u>(314,141)</u>	<u>1,251,556</u>
Less Accumulated Amortization for:				
Machinery and Equipment	<u>(480,133)</u>	<u>(237,636)</u>	<u>314,141</u>	<u>(403,628)</u>
	<u>(480,133)</u>	<u>(237,636)</u>	<u>314,141</u>	<u>(403,628)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 821,035</u>	<u>\$ 26,893</u>	<u>\$ -0-</u>	<u>\$ 847,928</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 40,231
Administrative Information Technology	<u>197,405</u>
	<u>\$ 237,636</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2021	Issued/ Accrued	Retired/ Matured	Balance 6/30/2022	Due Within One Year
Serial Bonds Payable	\$ 32,425,000		\$ 1,875,000	\$ 30,550,000	\$ 1,925,000
Unamortized Bond Issuance Premiums	1,260,559		562,007	698,552	310,502
Net Pension Liability	10,365,580		2,978,761	7,386,819	-0-
Leases Payable	807,084	\$ 264,529	223,631	847,982	239,577
Financed Purchases Payable	119,434		28,134	91,300	29,254
Compensated Absences Payable	<u>697,553</u>	<u>90,720</u>	<u>50,882</u>	<u>737,391</u>	<u>1,213</u>
	<u>\$ 45,675,210</u>	<u>\$ 355,249</u>	<u>\$ 5,718,415</u>	<u>\$ 40,312,044</u>	<u>\$ 2,505,546</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

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, 2022 is \$1,925,000 and the long-term portion is \$28,625,000. The Debt Service Fund will be used to liquidate bonds payable.

On May 30, 2012, the District issued \$9,955,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$8,545,000 school bonds with an interest rate of 4.00%. The refunding bonds mature on December 15, 2012 through 2035. On September 26, 2012, the District issued \$21,075,000 refunding bonds with interest rates ranging from 1.00% to 4.00% to advance refund \$19,695,000 school bonds with interest rates of 4.50% to 4.75%. The refunding bonds mature on December 15, 2013 through 2031. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds 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, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable (Cont'd)

The District had bonds outstanding as of June 30, 2022 as follows:

Purpose	Final Maturity	Interest Rate	Amount
School Refunding Bonds	12/15/2022	2.250%	\$ 65,000
School Refunding Bonds	12/15/2022	3.000%	1,225,000
School Refunding Bonds	09/15/2035	3.000%-4.000%	6,005,000
School Refunding Bonds	12/15/2035	0.359%-2.360%	23,255,000
			<u>\$ 30,550,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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
2027	2,045,000	484,721	2,529,721
Thereafter:			
2028-2032	10,785,000	1,836,274	12,621,274
2033-2036	9,840,000	526,716	10,366,716
	<u>\$ 30,550,000</u>	<u>\$ 5,066,220</u>	<u>\$ 35,616,220</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2022, 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 \$1,213 and is separated from the long-term liability balance of compensated absences of \$736,178. 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, 2022, \$-0- 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, 2022
(Continued)

NOTE 9. 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, 2022 is \$310,502 and the long-term portion is \$388,050.

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, 2022 is \$-0- and the long-term portion is \$7,386,819. See Note 10 for further information on the PERS.

F. Financed Purchase Payable

The District has a financed purchase agreement for maintenance trucks valued at \$147,954, of which \$56,654 has matured and been repaid. The finance purchase agreement is for a term of five years. The following is a schedule of the future minimum financed purchase payments and the present value of the net minimum financed purchase payments at June 30, 2022.

<u>Year</u>	<u>Amount</u>
2023	\$ 32,887
2024	32,887
2025	<u>32,888</u>
	98,662
Less: Amount representing interest	<u>(7,362)</u>
Present value of net minimum financed purchases payments	<u>\$ 91,300</u>

The current portion of the financed purchase payable at June 30, 2022 is \$29,254 and the long-term portion is \$62,046. The General Fund will be used to liquidate the financed purchase payable.

G. Leases Payable:

The District had leases outstanding as of June 30, 2022 as follows:

<u>Purpose</u>	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Chromebooks	02/01/2021	Annual	02/01/2025	3.950%	\$ 591,627
Xerox Copiers	05/01/2022	Monthly	04/01/2027	0.258%	<u>256,355</u>
					<u>\$ 847,982</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

G. Leases Payable: (Cont'd)

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 239,577	\$ 30,554
2024	248,620	21,511
2025	258,006	12,124
2026	54,799	2,381
2027	46,980	670
	\$ 847,982	\$ 67,240

NOTE 10. 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.

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:

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability 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 \$730,243 for fiscal year 2022.

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, 2022, the District reported a liability of \$7,386,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.062%, which was a decrease of 0.001% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit of \$566,927. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 312,169
	2018	5.63		585,250
	2019	5.21		516,292
	2020	5.16		1,216,044
	2021	5.13	\$ 38,470	
			<u>38,470</u>	<u>2,629,755</u>
Difference Between Expected and Actual Experience	2017	5.48	9,284	
	2018	5.63		22,287
	2019	5.21	39,466	
	2020	5.16	67,750	
	2021	5.13		30,594
			<u>116,500</u>	<u>52,881</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		57,700
	2019	5.00		(18,618)
	2020	5.00		(419,601)
	2021	5.00		2,326,401
				<u>1,945,882</u>
Changes in Proportion	2017	5.48	87,898	
	2018	5.63		213,342
	2019	5.21	1,130,536	
	2020	5.16		345,224
	2021	5.13		212,329
			<u>1,218,434</u>	<u>770,895</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	656,359	
			<u>\$ 2,029,763</u>	<u>\$ 5,399,413</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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 the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (1,742,967)
2023	(1,244,475)
2024	(848,520)
2025	(637,834)
2026	248
	\$ (4,473,548)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

(Continued)

NOTE 10. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 in determining 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, 2021 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, 2022
(Continued)

NOTE 10. 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 10,064,916	\$ 7,386,819	\$ 5,121,631

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, 2022

(Continued)

NOTE 10. 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 2022, the State's pension contribution was more 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$7,911,532 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,222,222.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$94,440,318. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.196%, which was an increase of 0.003% from its proportion measured as of June 30, 2020.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. 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		94,440,318
Total	\$	94,440,318

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$2,222,222 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			5,289,559,561	24,224,281,713
Difference Between Expected and Actual Experience	2014	8.30		1,464,605
	2015	8.50	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			941,265,828	142,774,569
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			\$ 6,230,825,389	\$27,221,092,460

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

(Continued)

NOTE 10. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 111,738,671	\$ 94,440,318	\$ 79,910,788

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 \$5,768 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$7,218 for the fiscal year ended June 30, 2022.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health 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 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 annual financials statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-oheb.shtml>.

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	150,427
Active Plan Members	<u>213,901</u>
Total	<u><u>364,328</u></u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

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%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:				
Through 2026		1.55 - 4.45% based on service years	2.00 - 6.00% based on service years	3.25 - 15.25% based on service years
Thereafter		2.75 - 5.65% based on service years	3.00 - 7.00% based on service years	Not Applicable

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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, 2020	\$ 108,102,301
Changes for Year:	
Service Cost	5,696,959
Interest on the Total OPEB Liability	2,508,589
Change in Benefit Terms	(102,929)
Difference between Actual and Expected Experience	(17,684,973)
Changes of Assumptions	95,405
Contributions from Members	64,132
Gross Benefit Payments by the State	<u>(1,976,065)</u>
Net Changes	<u>(11,398,882)</u>
Balance at June 30, 2021	<u>\$ 96,703,419</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, 2021, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

	June 30, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability Attributable to the District	\$ 115,835,515	\$ 96,703,419	\$ 81,638,042

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, 2021, 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, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 78,281,732	\$ 96,703,419	\$ 121,442,383

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$6,031,757 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, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 5,434,762
	2018	9.51		4,940,614
	2019	9.29	\$ 678,874	
	2020	9.24	15,640,555	
	2021	9.24	85,080	
			<u>16,404,509</u>	<u>10,375,376</u>
Differences between Expected and Actual Experience	2018	9.51		4,670,417
	2019	9.29		7,990,382
	2020	9.24	14,577,611	
	2021	9.24		16,361,616
			<u>14,577,611</u>	<u>29,022,415</u>
Changes in Proportion	N/A	N/A	1,924,279	1,397,895
			<u>\$ 32,906,399</u>	<u>\$ 40,795,686</u>

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

Fiscal Year Ending June 30,	Total
2021	\$ (1,905,302)
2022	(1,905,303)
2023	(1,905,303)
2024	(1,905,303)
2025	(1,354,644)
Thereafter	560,184
	<u>\$ (8,415,671)</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 12. 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 Annual Comprehensive 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.

Selected, summarized financial information for the Group and the Fund as of June 30, 2022 are as follows:

	<u>Group</u>	<u>Fund</u>
Total Assets	<u>\$ 12,133,641</u>	<u>\$ 52,198,217</u>
Net Position	<u>\$ 7,494,542</u>	<u>\$ 20,990,635</u>
Total Revenue	<u>\$ 3,715,390</u>	<u>\$ 48,576,664</u>
Total Expenses	<u>\$ 3,715,752</u>	<u>\$ 48,577,544</u>
Member Dividends	<u>\$ 1,114,730</u>	<u>\$ -0-</u>
Change in Net Position	<u>\$ (1,115,092)</u>	<u>\$ (880)</u>

Property and Liability Insurance (Cont'd)

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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>
2021-2022	\$ 628	\$ 120,535	\$ 85,721	\$ 278,789
2020-2021	1,168	138,329	102,386	243,347
2019-2020	1,155	58,771	68,261	206,236

NOTE 13. 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 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 425,476	
Special Revenue Fund		\$ 425,476
	<u>\$ 425,476</u>	<u>\$ 425,476</u>

The General Fund interfund receivable due from the Special Revenue Fund represents an interfund loan at June 30, 2022 due to the timing of grant receipts received by the District.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 15. 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 16. 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.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Due to State of New Jersey	\$ 15,909	\$ 61,211	\$ 656,359	\$ 733,479	
Vendors	616,521	29,153		645,674	\$ 60,751
Payroll Deductions and Withholdings	99,893			99,893	
	<u>\$ 732,323</u>	<u>\$ 90,364</u>	<u>\$ 656,359</u>	<u>\$ 1,479,046</u>	<u>\$ 60,751</u>

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. 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, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

Governmental Funds		
General	Special Revenue	Total
\$ 785,390	\$ 56,907	\$ 842,297

On the District’s Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$56,907 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.

NOTE 19. 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.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 19. TAX ABATEMENTS (Cont'd)

The Borough recognized revenue in the amount of \$708,411 from four payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatements would have been \$1,715,562, of which \$1,072,861 would have been for the local school tax. As of June 30, 2022, the District recognized \$198,681 of PILOT payment revenue from the Borough.

NOTE 20. PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements to record an intangible right-to-use asset and a lease liability as of June 30, 2021 as a result of implementing GASB Statement No. 87, *Leases*.

	Balance at June 30, 2021 as Previously Reported	Retroactive Adjustments	Balance at June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Lease Asset, Net	\$ -0-	\$ 821,035	\$ 821,035
Total Asset	65,059,146	821,035	65,880,181
Noncurrent Liabilities:			
Due Within One Year	2,241,739	223,631	2,465,370
Due Beyond One Year	42,626,387	583,453	43,209,840
Total Liabilities	46,524,700	807,084	47,331,784
Net Position:			
Net Investment in Capital Assets	25,595,933	13,951	25,609,884
Total Net Position	20,369,933	13,951	20,383,884

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0471325568%	0.0516996112%	0.0529656198%	0.0575685356%	0.0543014510%	0.0660675860%	0.0635637166%	0.0623544431%
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	\$ 7,386,819
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	\$ 4,016,892
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%	183.89%
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%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 388,554	\$ 444,478	\$ 470,539	\$ 540,368	\$ 562,387	\$ 668,462	\$ 697,146	\$ 730,243
Contributions in relation to the contractually required contribution	(388,554)	(444,478)	(470,539)	(540,368)	(562,387)	(668,462)	(697,146)	(730,243)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 3,710,750
Contributions as a percentage of covered employee payroll	10.82%	11.48%	12.22%	13.47%	12.42%	15.36%	17.36%	19.68%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.1964429481%
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	\$ 94,440,318
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	\$ 21,847,764
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%	432.27%
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%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 5,285,122	\$ 7,069,920	\$ 11,245,912	\$ 8,873,451	\$ 7,124,695	\$ 6,944,885	\$ 7,901,874	\$ 2,222,222
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)	(7,911,532)
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>	<u>\$ (5,689,310)</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	\$ 23,386,058
Contributions as a percentage of covered employee payroll	5.16%	7.68%	10.32%	14.12%	17.73%	20.28%	26.14%	33.83%

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 FIVE FISCAL YEARS

	Fiscal Year Ending			
	2017	2018	2019	2020
Total OPEB Liability				2021
Service Cost	\$ 4,020,436	\$ 3,332,759	\$ 2,893,665	\$ 3,180,040
Interest Cost	2,729,412	3,171,406	2,913,734	2,434,550
Change in Benefit Terms				(102,929)
Difference between Actual and Expected Experience		(8,991,572)	(10,912,475)	17,282,921
Changes in Assumptions	(11,337,090)	(8,421,777)	1,003,197	19,746,576
Member Contributions	73,513	67,824	61,224	57,043
Gross Benefit Payments	(1,996,412)	(1,962,401)	(2,065,392)	(1,881,972)
Net Change in Total OPEB Liability	(6,510,141)	(12,803,761)	(6,106,047)	40,819,158
Total OPEB Liability - Beginning	92,703,092	86,192,951	73,389,190	67,283,143
Total OPEB Liability - Ending	\$ 86,192,951	\$ 73,389,190	\$ 67,283,143	\$ 108,102,301
District's Covered Employee Payroll *	\$ 23,715,564	\$ 23,837,765	\$ 24,053,567	\$ 25,807,406
Total OPEB Liability as a Percentage of Covered Employee Payroll	363%	308%	280%	419%
				383%

* - Covered payroll for the fiscal years ending June 30, 2017 through 2021 are based on the payroll on the June 30, 2016 through 2020 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

The mortality rates in the valuation as of June 30, 2021 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-2021. 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-2021. 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-2021 for current disabled retirees.

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

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

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 44,041,638		\$ 44,041,638	\$ 44,041,638	
Tuition From Individuals	100,000		100,000	117,407	\$ 17,407
Tuition From Other LEAs Within the State	1,698,609		1,698,609	1,892,532	193,923
Transportation Fees From Individuals	10,000		10,000		(10,000)
Rents and Royalties	50,000		50,000	26,403	(23,597)
Unrestricted Miscellaneous Revenues	209,584		209,584	299,035	89,451
Interest Earned on Maintenance Reserve	2,000		2,000	2,000	
Interest Earned on Capital Reserve Funds	3,000		3,000	3,509	509
Other Restricted Miscellaneous Revenues				35,442	35,442
Total Revenues from Local Sources	46,114,831		46,114,831	46,417,966	303,135
Revenues from Intermediate Sources:					
PILOT Payments to School District	215,000		215,000	198,681	(16,319)
Total Revenues from Intermediate Sources	215,000		215,000	198,681	(16,319)
Revenues from State Sources:					
Categorical Transportation Aid	255,898		255,898	255,898	
Extraordinary Aid	100,000		100,000	712,448	612,448
Categorical Special Education Aid	1,776,039		1,776,039	1,776,039	
Categorical Security Aid	205,379		205,379	205,379	
Excess Nonpublic Transportation Costs	50,000		50,000	50,089	89
Securing Our Children's Future Bond Act				148,864	148,864
TPAF Post Retirement Contributions (Non-Budgeted)				1,874,533	1,874,533
TPAF Pension Contributions (Non-Budgeted)				7,911,532	7,911,532
TPAF Non-Contributory Insurance (Non-Budgeted)				111,621	111,621
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,497	3,497
Reimbursed TPAF Social Security Contributions				1,694,914	1,694,914
Total Revenues from State Sources	2,387,316		2,387,316	14,744,814	12,357,498

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 36,416		\$ 36,416	\$ 2,285	\$ (34,131)
Total Revenues from Federal Sources	<u>36,416</u>		<u>36,416</u>	<u>2,285</u>	<u>(34,131)</u>
TOTAL REVENUE	<u>48,753,563</u>		<u>48,753,563</u>	<u>61,363,746</u>	<u>12,610,183</u>
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	362,187	\$ 187,252	549,439	530,758	18,681
Grades 1-5 - Salaries of Teachers	4,929,630	(539,899)	4,389,731	4,379,783	9,948
Grades 6-8 - Salaries of Teachers	3,060,163	(13,812)	3,046,351	3,004,348	42,003
Grades 9-12 - Salaries of Teachers	5,044,084	77,674	5,121,758	5,121,682	76
Regular Programs - Home Instruction:					
Salaries of Teachers		25,637	25,637	25,312	325
Purchased Professional - Educational Services	88,297	23,299	111,596	92,913	18,683
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	1,440,611	63,380	1,503,991	1,503,949	42
Purchased Technical Services		30,000	30,000	10,524	19,476
Other Purchased Services (400-500 series)	180,225	(24,100)	156,125	81,506	74,619
General Supplies	744,670	17,625	762,295	686,247	76,048
Textbooks	23,450	4,349	27,799	27,799	
Other Objects	5,330	3,415	8,745	3,583	5,162
Total Regular Programs - Instruction	<u>15,878,647</u>	<u>(145,180)</u>	<u>15,733,467</u>	<u>15,468,404</u>	<u>265,063</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	15,116	139,672	139,672	131,887	7,785
General Supplies			15,116	15,071	45
Total Learning and/or Language Disabilities	<u>15,116</u>	<u>139,672</u>	<u>154,788</u>	<u>146,958</u>	<u>7,830</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$ 242,903		\$ 242,903	\$ 242,498	\$ 405
Total Behavioral Disabilities	242,903		242,903	242,498	405
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,272,825	(303,174)	2,969,651	2,969,651	
General Supplies	12,057		12,057	10,338	1,719
Textbooks	1,000		1,000	1,000	
Total Resource Room/Resource Center	3,285,882	(303,174)	2,982,708	2,980,989	1,719
Autism:					
Salaries of Teachers	134,737	71,516	206,253	206,253	
Other Salaries for Instruction	26,374		26,374		26,374
Purchased Professional-Educational Services	3,000		3,000	3,000	
General Supplies	9,216		9,216	9,038	178
Total Autism	173,327	71,516	244,843	218,291	26,552
Preschool Disabilities - Part-Time:					
Salaries of Teachers	143,748	(50,000)	93,748	58,590	35,158
General Supplies	2,000		2,000	1,473	527
Total Preschool Disabilities - Part-Time	145,748	(50,000)	95,748	60,063	35,685
Preschool Disabilities - Full-Time:					
Salaries of Teachers	133,022	129,044	262,066	262,066	
Total Preschool Disabilities - Full-Time	133,022	129,044	262,066	262,066	
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,753,095	229,961	3,983,056	3,910,865	72,191
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	433,393	221,727	655,120	655,120	
Total Basic Skills/Remedial - Instruction	433,393	221,727	655,120	655,120	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 343,755	\$ 56,642	\$ 400,397	\$ 400,397	
Total Bilingual Education - Instruction	<u>343,755</u>	<u>56,642</u>	<u>400,397</u>	<u>400,397</u>	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	268,132	8,723	276,855	276,155	\$ 700
Purchased Services (300-500 series)	15,000	9,000	24,000	21,297	2,703
Supplies and Materials	19,950	(215)	19,735	17,946	1,789
Other Objects		300	300	300	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>303,082</u>	<u>17,808</u>	<u>320,890</u>	<u>315,698</u>	<u>5,192</u>
School-Sponsored Athletics - Instruction:					
Salaries	646,722	(8,023)	638,699	615,966	22,733
Purchased Services (300-500 series)	177,848		177,848	158,687	19,161
Supplies and Materials	74,999		74,999	65,699	9,300
Other Objects	12,353		12,353	10,009	2,344
Total School-Sponsored Athletics - Instruction	<u>911,922</u>	<u>(8,023)</u>	<u>903,899</u>	<u>850,361</u>	<u>53,538</u>
TOTAL INSTRUCTION	<u>21,623,894</u>	<u>372,935</u>	<u>21,996,829</u>	<u>21,600,845</u>	<u>395,984</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	264,552	(34,798)	229,754	192,345	37,409
Tuition to County Voc. School Dist. - Regular	247,678	51,658	299,336	262,344	36,992
Tuition to County Voc. School Dist. - Special	40,000		40,000	4,876	35,124
Tuition to Priv. Sch. for the Handicap. Within the State	2,518,421	(351,738)	2,166,683	1,101,731	1,064,952
Total Undistributed Expenditures - Instruction	<u>3,070,651</u>	<u>(334,878)</u>	<u>2,735,773</u>	<u>1,561,296</u>	<u>1,174,477</u>
Undistributed Expenditures - Health Services:					
Salaries	492,480	(6,125)	486,355	481,801	4,554
Purchased Professional and Technical Services	9,401	18,801	28,202	28,202	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services: (Cont'd)					
Other Purchased Services (400-500 series)	\$ 5,950	\$ 263	\$ 263	\$ 263	
Supplies and Materials		3,881	9,831	9,815	\$ 16
Total Undistributed Expenditures - Health Services	507,831	16,820	524,651	520,081	4,570
Undistributed Expenditures - Speech, OT, PT, Related Serv.:					
Salaries	750,239	(47,854)	702,385	694,001	8,384
Purchased Professional - Educational Services	455,502	240,125	695,627	687,752	7,875
Supplies and Materials	7,130	119	7,249	7,249	
Total Undistributed Expenditures - Speech, OT, PT, Related Serv.	1,212,871	192,390	1,405,261	1,389,002	16,259
Undistributed Expenditures - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	1,001,447	(197,555)	803,892	786,670	17,222
Purchased Professional - Educational Services	145,615		145,615	130,767	14,848
Total Undistributed Expenditures. - Other Supp. Serv. Students - Extra. Serv.	1,147,062	(197,555)	949,507	917,437	32,070
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	759,841	(19,213)	740,628	740,628	
Salaries of Secretarial and Clerical Assistants	87,798	7,264	95,062	95,062	
Purchased Professional - Educational Services	800		800		800
Other Purchased Services (400-500 series)	2,500		2,500		2,500
Supplies and Materials	1,900	(146)	1,754	897	857
Other Objects	3,645	146	3,791	1,735	2,056
Total Undistributed Expenditures - Guidance	856,484	(11,949)	844,535	838,322	6,213
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	1,373,908	(27,679)	1,346,229	1,287,580	58,649
Salaries of Secretarial and Clerical Assistants	66,980		66,980	66,980	
Other Purchased Professional and Technical Services	122,106	(12,500)	109,606	83,533	26,073
Other Purchased Services (400-500 series)	3,085		3,085	867	2,218

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Child Study Team: (Cont'd)					
Supplies and Materials	\$ 21,957		\$ 21,957	\$ 21,819	\$ 138
Other Objects	7,787		7,787	7,651	136
Total Undistributed Expenditures - Child Study Team	<u>1,595,823</u>	<u>\$ (40,179)</u>	<u>1,555,644</u>	<u>1,468,430</u>	<u>87,214</u>
Undistributed Expenditures - Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	552,436	(29,849)	522,587	522,587	
Purchased Professional - Educational Services	2,000		2,000	1,984	16
Other Purchased Services (400-500 series)	13,705		13,705	6,625	7,080
Supplies and Materials	116,899		116,899	112,278	4,621
Other Objects	90,259	(22,450)	67,809	34,910	32,899
Total Undistributed Expenditures - Improv. of Inst. Serv.	<u>775,299</u>	<u>(52,299)</u>	<u>723,000</u>	<u>678,384</u>	<u>44,616</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	260,023	8,154	268,177	268,177	
Salaries of Technology Coordinators	133,789		133,789	132,490	1,299
Other Purchased Services (400-500 series)	2,500		2,500	2,500	
Supplies and Materials	58,468	(1,000)	57,468	39,058	18,410
Total Undistributed Expenditures - Edu. Media Serv./Sch. Library	<u>454,780</u>	<u>7,154</u>	<u>461,934</u>	<u>442,225</u>	<u>19,709</u>
Undistributed Expenditures - Support Serv. - Gen. Admin.:					
Salaries	701,194		701,194	700,631	563
Legal Services	189,137	35,112	224,249	188,801	35,448
Audit Fees	47,000		47,000	46,160	840
Architectural/Engineering Services	106,229		106,229	10,325	95,904
Other Purchased Professional Services	51,897		51,897	38,164	13,733
Communications/Telephone	265,009	(35,113)	229,896	210,220	19,676
BOE Other Purchased Services	3,000		3,000	868	2,132
Other Purchased Services (400-500 series other than 530 & 585)	18,562		18,562	11,126	7,436
General Supplies	4,014		4,014	3,726	288

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Support Serv. - Gen. Admin.: (Cont'd)					
Miscellaneous Expenditures	\$ 114,946		\$ 114,946	\$ 99,537	\$ 15,409
BOE Membership Dues and Fees	18,500		18,500	17,885	615
Total Undistributed Expenditures - Support Serv. - Gen. Admin.	<u>1,519,488</u>	<u>\$ (1)</u>	<u>1,519,487</u>	<u>1,327,443</u>	<u>192,044</u>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,202,526	56,778	1,259,304	1,259,304	
Salaries of Secretarial and Clerical Assistants	479,507		479,507	449,337	30,170
Other Purchased Services (400-500 series)	12,000		12,000	7,507	4,493
Supplies and Materials	51,097	5,000	56,097	39,275	16,822
Total Undistributed Expenditures - Support Serv. - School Adm.	<u>1,745,130</u>	<u>61,778</u>	<u>1,806,908</u>	<u>1,755,423</u>	<u>51,485</u>
Undistributed Expenditures - Central Services:					
Salaries	364,412		364,412	363,811	601
Miscellaneous Purchased Services (400-500 series other than 594)	30,490	(219)	30,271	26,586	3,685
Supplies and Materials	3,000	219	3,219	3,219	
Other Objects	1,500		1,500		1,500
Total Undistributed Expenditures - Central Services	<u>399,402</u>		<u>399,402</u>	<u>393,616</u>	<u>5,786</u>
Undistributed Expenditures - Admin. Info. Technology:					
Salaries	205,069		205,069	203,578	1,491
Purchased Technical Services	343,784	(18,770)	325,014	271,788	53,226
Other Purchased Services (400-500 series)		9,600	9,600	9,600	
Total Undistributed Expenditures - Admin. Info. Technology	<u>548,853</u>	<u>(9,170)</u>	<u>539,683</u>	<u>484,966</u>	<u>54,717</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	346,942	(25,292)	321,650	287,023	34,627
Cleaning, Repair, and Maintenance Services	859,350	40,000	899,350	613,417	285,933
General Supplies	98,195	(4,698)	93,497	90,049	3,448
Other Objects	5,000		5,000	2,065	2,935
Total Undistributed Expenditures - Required Maint. for School Facilities	<u>1,309,487</u>	<u>10,010</u>	<u>1,319,497</u>	<u>992,554</u>	<u>326,943</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 1,348,503	\$ 9,788	\$ 1,358,291	\$ 1,356,800	\$ 1,491
Purchased Professional and Technical Services	13,550		13,550	595	12,955
Other Purchased Property Services	123,851	1	123,852	90,499	33,353
Insurance	258,100	13,433	271,533	271,531	2
Miscellaneous Purchased Services	7,000		7,000	6,870	130
General Supplies	175,330	(13,015)	162,315	97,177	65,138
Energy (Natural Gas)	192,775	17,631	210,406	210,406	
Energy (Electricity)	372,332	45,000	417,332	414,100	3,232
Other Objects	16,400		16,400	7,785	8,615
Total Undistributed Expenditures - Custodial Services	2,507,841	72,838	2,580,679	2,455,763	124,916
Care and Upkeep of Grounds:					
Salaries	151,720		151,720	144,667	7,053
Cleaning, Repair, and Maintenance Services	296,000	(40,000)	256,000	232,521	23,479
General Supplies	11,650		11,650	10,163	1,487
Total Care And Upkeep Of Grounds	459,370	(40,000)	419,370	387,351	32,019
Security:					
Salaries	51,500		51,500		51,500
Total Security	51,500		51,500		51,500
Total Undistributed Expenditures - Oper. and Maint. of Plant Serv.	4,328,198	42,848	4,371,046	3,835,668	535,378
Undistributed Expenditures - Student Transportation Serv.:					
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	40,000		40,000	38,574	1,426
Cleaning, Repair, and Maint. Services	29,499		29,499	28,960	539
Contract. Serv. - Aid in Lieu of Payments - Nonpublic Students	136,889	5,862	142,751	141,751	1,000
Contract. Serv. (Bet. Home & Sch.) - Vendors	545,558	155,430	700,988	661,063	39,925
Contract. Serv. (Oth. than Bet. Home & Sch.) - Vendors	75,434	6,023	81,457	81,457	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Student Transportation Serv.: (Cont'd)					
Contract. Serv. (Spl. Ed. Students) - Vendors	\$ 776,893	\$ 434,636	\$ 1,211,529	\$ 1,211,529	
General Supplies	16,537	11,263	27,800	27,800	
Total Undistributed Expenditures - Student Transportation Serv.	<u>1,620,810</u>	<u>613,214</u>	<u>2,234,024</u>	<u>2,191,134</u>	<u>\$ 42,890</u>
UNALLOCATED BENEFITS					
Social Security Contributions	500,000		500,000	427,953	72,047
Other Retirement Contributions - PERS	700,000	45,243	745,243	730,243	15,000
Other Retirement Contributions - Regular	8,000	3,568	11,568	5,768	5,800
Unemployment Compensation	100,000	(67,262)	32,738	687	32,051
Workers Compensation	323,246	(68,049)	255,197	252,206	2,991
Health Benefits	6,306,341	(825,820)	5,480,521	5,370,658	109,863
Tuition Reimbursement	98,100	7,325	105,425	81,375	24,050
Other Employee Benefits	153,000		153,000	49,457	103,543
TOTAL UNALLOCATED BENEFITS	<u>8,188,687</u>	<u>(904,995)</u>	<u>7,283,692</u>	<u>6,918,347</u>	<u>365,345</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,874,533	(1,874,533)
TPAF Pension Contributions (Non-Budgeted)				7,911,532	(7,911,532)
TPAF Non-Contributory Insurance (Non-Budgeted)				111,621	(111,621)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,497	(3,497)
Reimbursed TPAF Social Security Contributions				1,694,914	(1,694,914)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>11,596,097</u>	<u>(11,596,097)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>8,188,687</u>	<u>(904,995)</u>	<u>7,283,692</u>	<u>18,514,444</u>	<u>(11,230,752)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>27,971,369</u>	<u>(616,822)</u>	<u>27,354,547</u>	<u>36,317,871</u>	<u>(8,963,324)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>49,595,263</u>	<u>(243,887)</u>	<u>49,351,376</u>	<u>57,918,716</u>	<u>(8,567,340)</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - Admin. Info. Technology	\$	9,170	\$ 9,170		\$ 9,170
Undistributed Expenditures - Required Maintenance for School Facilities		4,698	4,698	\$ 4,698	
School Buses - Regular		231,331	231,331		231,331
Total Equipment		245,199	245,199	4,698	240,501
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		164,214	164,214	149,372	14,842
Construction Services	\$ 2,717,585	(164,214)	2,553,371	2,047,010	506,361
Assessment for Debt Service on SDA Funding	3,589		3,589	3,589	
Total Facilities Acquisition and Construction Serv.	2,721,174		2,721,174	2,199,971	521,203
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Equipment				264,529	(264,529)
Total Assets Acquired Under Leases (Non-Budgeted)				264,529	(264,529)
TOTAL CAPITAL OUTLAY	2,721,174	245,199	2,966,373	2,469,198	497,175
Transfer of Funds to Charter Schools	75,438	(1,312)	74,126	62,514	11,612
TOTAL EXPENDITURES	52,391,875		52,391,875	60,450,428	(8,058,553)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,638,312)		(3,638,312)	913,318	(4,551,630)
Other Financing Sources/(Uses):					
Leases (Non-budgeted)				264,529	264,529
Total Other Financing Sources/(Uses)				264,529	(264,529)

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (3,638,312)		\$ (3,638,312)	\$ 1,177,847	\$ 4,816,159
Fund Balance, July 1	9,215,214		9,215,214	9,215,214	
Fund Balance, June 30	\$ 5,576,902	\$ -0-	\$ 5,576,902	\$ 10,393,061	4,816,159
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024				\$ 1,034,034	
Excess Surplus - Restricted For 2022-2023				500,000	
Capital Reserve				3,675,599	
Maintenance Reserve				1,266,795	
Unemployment Compensation				278,789	
Assigned Fund Balance:					
Year End Encumbrances				785,390	
Designated for Subsequent Year's Expenditures				296,325	
Unassigned Fund Balance				2,556,129	
				<u>10,393,061</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(216,773)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,176,288</u>	

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 10,000	\$ 607,076	\$ 617,076	\$ 500,266	\$ (116,810)
State Sources	211,511	116,317	327,828	307,922	(19,906)
Federal Sources	686,765	1,568,407	2,255,172	1,474,888	(780,284)
Total Revenues	908,276	2,291,800	3,200,076	2,283,076	(917,000)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		353,638	353,638	145,181	208,457
Purchased Professional and Technical Services	131,632	72,479	204,111	158,760	45,351
Tuition	576,492	(24,130)	552,362	552,362	
General Supplies	120,273	116,198	236,471	101,426	135,045
Textbooks		45,451	45,451	22,114	23,337
Total Instruction	828,397	563,636	1,392,033	979,843	412,190
Support Services:					
Other Salaries		143,658	143,658	101,561	42,097
Personal Services - Employee Benefits		245,661	245,661	104,303	141,358
Purchased Professional and Technical Services		528,267	528,267	509,859	18,408
Other Purchased Services		33,252	33,252	17,055	16,197
Supplies and Materials	79,879	46,779	126,658	97,333	29,325
Student Activities		407,895	407,895	407,895	
Scholarships Awarded		16,910	16,910	16,910	
Total Support Services	79,879	1,422,422	1,502,301	1,254,916	247,385
Facilities Acquisition and Construction Services:					
Construction Services		63,736	63,736	63,736	
Instructional Equipment		257,425	257,425		257,425
Total Facilities Acquisition and Construction Services		321,161	321,161	63,736	257,425
Total Expenditures	\$ 908,276	\$ 2,307,219	\$ 3,215,495	\$ 2,298,495	\$ 917,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ (15,419)	\$ (15,419)	\$ (15,419)	\$ -0-

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 61,363,746	\$ 2,283,076
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		1,788
Cancellation of Prior Year Encumbrances		(9)
Current Year Encumbrances		(56,907)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	174,099	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(216,773)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 61,321,072</u>	 <u>\$ 2,227,948</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 60,450,428	\$ 2,298,495
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		1,788
Cancellation of Prior Year Encumbrances		(9)
Current Year Encumbrances		(56,907)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 60,450,428</u>	 <u>\$ 2,243,367</u>

BOROUGH OF MADISON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 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, 2022

	Elementary and Secondary Education Act		CARES Emergency Relief	CRRSA	
	Title I	Title III		ESSER II	Mental Health
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 80,278	\$ 25,030	\$ 11,007	\$ 167,734	\$ 45,000
Total Revenues	80,278	25,030	11,007	167,734	45,000
EXPENDITURES:					
Instruction:					
Salaries of Teachers				83,638	
Purchased Professional and Technical Services					
Tuition	299	3,261		30,000	
General Supplies					
Textbooks	299	3,261		113,638	
Total Instruction	74,279	7,975		54,096	45,000
Support Services:					
Other Salaries					
Personal Services - Employee Benefits	5,700	17,055	11,007		
Purchased Professional and Technical Services					
Other Purchased Services					
Supplies and Materials					
Student Activities					
Scholarships Awarded					
Total Support Services	79,979	25,030	11,007	54,096	45,000
Facilities Acquisition and Construction Services:					
Construction Services					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 80,278	\$ 25,030	\$ 11,007	\$ 167,734	\$ 45,000

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP		I.D.E.A.					
	ESSER III	Mental Health	FY22	Basic	FY22 - ARP	FY22	Preschool	FY22 - ARP
REVENUES:								
Local Sources								
State Sources								
Federal Sources	\$ 111,750	\$ 45,000	\$ 652,282	\$ 119,405	\$ 33,468	\$ 10,953		
Total Revenues	111,750	45,000	652,282	119,405	33,468	10,953		
EXPENDITURES:								
Instruction:								
Salaries of Teachers	61,543							
Purchased Professional and Technical Services								
Tuition			552,362					
General Supplies								
Textbooks								
Total Instruction	61,543		552,362					
Support Services:								
Other Salaries								
Personal Services - Employee Benefits	50,207							
Purchased Professional and Technical Services		45,000	99,920	119,405	33,468	10,953		
Other Purchased Services								
Supplies and Materials								
Student Activities								
Scholarships Awarded								
Total Support Services	50,207	45,000	99,920	119,405	33,468	10,953		
Facilities Acquisition and Construction Services:								
Construction Services								
Total Facilities Acquisition and Construction Services								
Total Expenditures	\$ 111,750	\$ 45,000	\$ 652,282	\$ 119,405	\$ 33,468	\$ 10,953		

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ACSERS	Local Donations	SDA Emergent and Capital Needs	Examination and Classification	Nonpublic			Auxiliary Svcs Compensatory Education
					Handicapped Services Corrective Speech	Supplementary Instruction		
REVENUES:								
Local Sources		\$ 90,880						
State Sources	\$ 150,413		\$ 63,736	\$ 32,045	\$ 17,577	\$ 27,010	\$ 25,262	
Federal Sources								
Total Revenues	150,413	90,880	63,736	32,045	17,577	27,010	25,262	
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional and Technical Services				32,045	17,577	27,010	25,262	
Tuition								
General Supplies		67,866						
Textbooks								
Total Instruction		67,866		32,045	17,577	27,010	25,262	
Support Services:								
Other Salaries								
Personal Services - Employee Benefits	150,413							
Purchased Professional and Technical Services								
Other Purchased Services		23,014						
Supplies and Materials								
Student Activities								
Scholarships Awarded								
Total Support Services	150,413	23,014						
Facilities Acquisition and Construction Services:								
Construction Services			63,736					
Total Facilities Acquisition and Construction Services			63,736					
Total Expenditures	\$ 150,413	\$ 90,880	\$ 63,736	\$ 32,045	\$ 17,577	\$ 27,010	\$ 25,262	

BOROUGH OF MADISON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Student Activities	Nonpublic					Totals 2022
		Scholarship	Textbooks	Nursing	Technology Initiative	Security Aid	
REVENUES:							
Local Sources	\$ 383,703	\$ 25,683	\$ 22,114	\$ 41,620	\$ 15,246	\$ 63,312	\$ 500,266
State Sources							307,922
Federal Sources							1,474,888
Total Revenues	383,703	25,683	22,114	41,620	15,246	63,312	2,283,076
EXPENDITURES:							
Instruction:							
Salaries of Teachers							145,181
Purchased Professional and Technical Services				41,620	15,246		158,760
Tuition							552,362
General Supplies							101,426
Textbooks			22,114				22,114
Total Instruction			22,114	41,620	15,246		979,843
Support Services:							
Other Salaries							101,561
Personal Services - Employee Benefits							104,303
Purchased Professional and Technical Services							509,859
Other Purchased Services							17,055
Supplies and Materials						63,312	97,333
Student Activities	407,895						407,895
Scholarships Awarded		16,910					16,910
Total Support Services	407,895	16,910				63,312	1,254,916
Facilities Acquisition and Construction Services:							
Construction Services							63,736
Total Facilities Acquisition and Construction Services							63,736
Total Expenditures	\$ 407,895	\$ 16,910	\$ 22,114	\$ 41,620	\$ 15,246	\$ 63,312	\$ 2,298,495

PROPRIETARY FUNDS

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Major Funds		Non-Major Fund	Total Enterprise Funds
	Food Service	Summer Program	Integrated Preschool	
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 119,558	\$ 208,391	\$ 68,650	\$ 396,599
Intergovernmental Accounts Receivable:				
State	3,289			3,289
Federal	151,291			151,291
Inventories	13,843			13,843
Total Current Assets	287,981	208,391	68,650	565,022
Non-Current Assets:				
Capital Assets	466,598			466,598
Less: Accumulated Depreciation	(249,749)			(249,749)
Total Non-Current Assets	216,849			216,849
Total Assets	504,830	208,391	68,650	781,871
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	60,751			60,751
Unearned Revenue - Donated Commodities	6,583			6,583
Unearned Revenue - Prepaid Sales/Fees	16,434	98,378	5,200	120,012
Total Current Liabilities	83,768	98,378	5,200	187,346
Total Liabilities	83,768	98,378	5,200	187,346
<u>NET POSITION:</u>				
Investment in Capital Assets	216,849			216,849
Unrestricted	204,213	110,013	63,450	377,676
Total Net Position	\$ 421,062	\$ 110,013	\$ 63,450	\$ 594,525

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, 2022

	Major Funds		Non-Major Fund	Total Enterprise Funds
	Food Service	Summer Program	Integrated Preschool	
Operating Revenue:				
Daily Sales:				
Non-Reimbursable Programs	\$ 235,093			\$ 235,093
Charges for Services:				
Program Fees		\$ 124,531	\$ 23,750	148,281
Total Operating Revenue	235,093	124,531	23,750	383,374
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	377,530			377,530
Non-Reimbursable Programs	106,483			106,483
Salaries	262,095	64,877		326,972
Employee Benefits	90,053			90,053
Purchased Professional and Technical Services	35,382			35,382
Other Purchased Services	15,903			15,903
Supplies and Materials	33,127			33,127
Miscellaneous Expense	41,992			41,992
Depreciation Expense	26,661			26,661
Total Operating Expenses	989,226	64,877		1,054,103
Operating Income/(Loss)	(754,133)	59,654	23,750	(670,729)
Non-Operating Revenue:				
State Sources:				
COVID-19 - Seamless Summer Option	19,491			19,491
Federal Sources:				
COVID-19 - Seamless Summer Option	877,272			877,272
COVID-19 - P-EBT Reimbursement	1,242			1,242
COVID-19 - Emergency Operational Cost Program	4,088			4,088
Food Distribution Program	6,420			6,420
Total Non-Operating Income	908,513			908,513
Change in Net Position	154,380	59,654	23,750	237,784
Net Position - Beginning of Year	266,682	50,359	39,700	356,741
Net Position - End of Year	\$ 421,062	\$ 110,013	\$ 63,450	\$ 594,525

BOROUGH OF MADISON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>Food Service</u>	<u>Summer Program</u>	<u>Integrated Preschool</u>	<u>Enterprise Funds</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 225,643	\$ 195,498	\$ 27,050	\$ 448,191
Payments to Food Service Contractor	(890,028)			(890,028)
Payments to/for Employees		(64,877)		(64,877)
Payments to Suppliers	(36,444)			(36,444)
Net Cash Provided by/(Used for) Operating Activities	<u>(700,829)</u>	<u>130,621</u>	<u>27,050</u>	<u>(543,158)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(13,078)			(13,078)
Net Cash Used for Capital and Related Financing Activities	<u>(13,078)</u>			<u>(13,078)</u>
Cash Flows from Noncapital Financing Activities:				
State Sources	19,282			19,282
Federal Sources	799,078			799,078
Net Cash Provided by Noncapital Financing Activities	<u>818,360</u>			<u>818,360</u>
Net Increase in Cash and Cash Equivalents	104,453	130,621	27,050	262,124
Cash and Cash Equivalents, July 1	<u>15,105</u>	<u>77,770</u>	<u>41,600</u>	<u>134,475</u>
Cash and Cash Equivalents, June 30	<u>\$ 119,558</u>	<u>\$ 208,391</u>	<u>\$ 68,650</u>	<u>\$ 396,599</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (754,133)	\$ 59,654	\$ 23,750	\$ (670,729)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	26,661			26,661
Food Distribution Program	6,420			6,420
Changes in Assets and Liabilities:				
(Increase) in Inventory	(1,594)			(1,594)
Increase in Accounts Payable	26,943			26,943
Increase/(Decrease) in Unearned Revenue	(5,126)	70,967	3,300	69,141
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (700,829)</u>	<u>\$ 130,621</u>	<u>\$ 27,050</u>	<u>\$ (543,158)</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 \$10,744 and utilized U.S.D.A. Commodities valued at \$6,420.

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, 2021	Retired or Matured	Balance June 30, 2022
			Date	Amount				
School Refunding Bonds	05/30/12	\$ 9,955,000	12/15/22	\$ 65,000	2.250%	\$ 130,000	\$ 65,000	\$ 65,000
School Refunding Bonds	09/26/12	21,075,000	12/15/22	1,225,000	3.000%	2,410,000	1,185,000	1,225,000
School Refunding Bonds	12/29/15	7,060,000	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%	6,335,000	330,000	6,005,000
School Refunding Bonds	02/24/21	23,550,000	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	295,000	23,255,000
						<u>\$ 32,425,000</u>	<u>\$ 1,875,000</u>	<u>\$ 30,550,000</u>

BOROUGH OF MADISON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
Maintenance Trucks	3.98%	\$ 147,954	\$ 119,434	\$ 28,134	\$ 91,300
			<u>\$ 119,434</u>	<u>\$ 28,134</u>	<u>\$ 91,300</u>

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>(Restated) Balance July 1, 2021</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
Xerox Copiers	0.096%	\$ 314,141	\$ 33,008		\$ 33,008	
Chromebooks	3.950%	987,027	774,076		182,449	\$ 591,627
Xerox Copiers	0.258%	264,529		\$ 264,529	8,174	256,355
			<u>\$ 807,084</u>	<u>\$ 264,529</u>	<u>\$ 223,631</u>	<u>\$ 847,982</u>

BOROUGH OF MADISON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,983,546		\$ 1,983,546	\$ 1,983,546	
State Sources:					
Debt Service Aid Type II	538,722		538,722	538,722	
Total Revenues	<u>2,522,268</u>		<u>2,522,268</u>	<u>2,522,268</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	647,268		647,268	647,267	\$ 1
Redemption of Principal	1,875,000		1,875,000	1,875,000	
Total Regular Debt Service	<u>2,522,268</u>		<u>2,522,268</u>	<u>2,522,267</u>	<u>1</u>
Total Expenditures	<u>2,522,268</u>		<u>2,522,268</u>	<u>2,522,267</u>	<u>1</u>
Excess of Revenue Over Expenditures	<u>-0-</u>		<u>-0-</u>	<u>1</u>	<u>1</u>
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>
<u>Recapitulation:</u>					
Restricted - Subsequent Year's Expenditures				\$ 1	
Restricted				<u>1</u>	
				<u>\$ 2</u>	

STATISTICAL SECTION

(UNAUDITED)

This part of the District's annual comprehensive 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 annual comprehensive 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,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
									(Restated)	
Governmental Activities										
Net Investment in Capital Assets	\$ 11,187,229	\$ 11,332,466	\$ 15,653,963	\$ 16,342,044	\$ 16,311,254	\$ 20,162,837	\$ 22,109,941	\$ 26,929,496	\$ 25,609,884	\$ 26,404,602
Restricted	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	7,240,925
Unrestricted/(Deficit)	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)	(9,510,431)
Total Governmental Activities Net Position	\$ 15,258,521	\$ 8,239,669	\$ 10,226,326	\$ 19,540,828	\$ 17,618,568	\$ 16,103,772	\$ 15,825,822	\$ 18,892,072	\$ 20,383,884	\$ 24,135,096
Business-type Activities										
Investment in Capital Assets	\$ 88,203	\$ 81,297	\$ 74,143	\$ 71,712	\$ 65,626	\$ 58,360	\$ 51,979	\$ 257,093	\$ 230,432	\$ 216,849
Unrestricted	16,962	172,199	316,844	482,596	703,719	924,208	1,112,194	371,400	126,309	377,676
Total Business-type Activities Net Position	\$ 105,165	\$ 253,496	\$ 390,987	\$ 554,308	\$ 769,345	\$ 982,568	\$ 1,164,173	\$ 628,493	\$ 356,741	\$ 594,525
District-wide										
Net Investment in Capital Assets	\$ 11,275,432	\$ 11,413,763	\$ 15,728,106	\$ 16,413,756	\$ 16,376,880	\$ 20,221,197	\$ 22,161,920	\$ 27,186,589	\$ 25,840,316	\$ 26,621,451
Restricted	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	7,240,925
Unrestricted/(Deficit)	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)	(9,132,755)
Total District Net Position	\$ 15,363,686	\$ 8,493,165	\$ 10,617,313	\$ 20,095,136	\$ 18,387,913	\$ 17,086,340	\$ 16,989,995	\$ 19,520,565	\$ 20,740,625	\$ 24,729,621

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 25,380,410
Special Education	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	6,643,111
Other Special Education	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	2,012,028
School Sponsored/Other Instruction	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	1,309,578
Support Services:										
Tuition	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	2,113,658
Student & Instruction Related Services	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	9,970,432
General Administrative Services	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	1,775,795
School Administrative Services	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	2,701,282
Central Services	632,739	641,578	666,171	684,642	821,804	923,069	936,514	803,316	571,277	547,847
Administrative Information Technology	171,337	171,171	183,035	288,293	325,150	333,399	403,745	476,736	479,899	577,744
Plant Operations and Maintenance	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	4,383,787
Pupil Transportation	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	2,297,121
Transfer of Funds to Charter School	34,250		8,606	24,192	24,261	35,227	25,191	26,326	111,654	62,514
Interest on Long-term Debt	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	1,012,683
Unallocated Depreciation	1,483,372	1,540,461	1,537,042	1,527,119	1,407,342	1,272,725	1,293,088	1,250,765	1,676,613	1,012,683
Total Governmental Activities Expenses	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	60,787,990
Business-type Activities:										
Food Service	750,099	728,307	686,979	694,629	700,715	655,069	683,975	530,149	313,441	989,226
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	64,877
Total Business-type Activities Expense	888,037	902,243	885,856	953,069	894,827	898,501	1,022,775	589,398	349,491	1,054,103
Total District Expenses	\$ 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	\$ 61,842,093
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 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	\$ 2,009,939
School Sponsored/Other Instruction (Student Activity Fees)	89,400	93,135	92,775	95,825	87,300	97,180	84,950	86,570	145,522	91,868
Student and Instruction Related Services (Subscription Busing)	6,000	5,214	8,125	9,750	12,480	12,870	14,820	13,000	354,242	383,703
Operating Grants and Contributions	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	14,808,922
Capital Grants and Contributions					343,102					
Total Governmental Activities Program Revenues	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	17,294,432
Business-type Activities:										
Charges for Services:										
Food Service	590,535	609,166	570,857	576,339	565,458	555,058	586,871	416,837	1,245	235,093
Kindergarten Wrap Around	1,54,900	300,550	316,950	410,600	418,300	448,200	455,650	13,350	21,100	23,750
Integrated Preschool		13,600	16,250	12,200	15,250	1,100	9,200	98,200	40,758	124,531
Summer Program								52,500	95,438	908,513
Operating Grants and Contributions - Food Service	114,767	127,258	119,290	117,251	110,856	107,366	103,309	95,438	303,251	1,291,887
Total Business-type Activities Program Revenues	860,202	1,050,574	1,023,347	1,116,390	1,109,864	1,111,724	1,207,530	623,825	366,354	1,291,887
Total District Program Revenues	\$ 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	\$ 18,586,319

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (43,493,558)
Business-type Activities	(27,835)	148,331	137,491	163,321	215,037	213,223	184,755	34,427	16,863	237,784
Total District-wide Net Expense	\$ (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)	\$ (43,255,774)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 44,041,638
Taxes Levied for Debt Service	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	1,983,546
Unrestricted Grants and Contributions	32,856	38,056	81,021	100,346	592,828	658,667	805,104	746,100	746,292	746,384
Sale of Property			2,000,000	9,000,000						
Investment Earnings and Miscellaneous Income	359,240	299,290	395,977	353,245	433,653	285,564	529,732	589,993	472,327	473,202
Transfers	(10,665)			31,781				776,000	288,615	
Capital Reserve - Reimbursement for Local Share										
Maintenance Reserve - Reimbursement for Local Share										
Total Governmental Activities	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	47,244,770
Business-type Activities:										
Transfers	10,665							(776,000)	(288,615)	
Cancellation of Prior Year Accounts Receivable							(3,150)	(278)		
Total Business-type Activities	10,665						(3,150)	(776,278)	(288,615)	
Total District-wide	\$ 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	\$ 47,244,770
Change in Net Position										
Governmental Activities	\$ 471,664	\$ 1,664,744	\$ 1,986,657	\$ 9,314,502	\$ 222,122	\$ (1,514,796)	\$ (277,950)	\$ (5,971)	\$ 1,477,861	\$ 3,751,212
Business-type Activities	(17,170)	148,331	137,491	163,321	215,037	213,223	181,605	(741,851)	(271,752)	237,784
Total District	\$ 454,494	\$ 1,813,075	\$ 2,124,148	\$ 9,477,823	\$ 437,159	\$ (1,301,573)	\$ (96,345)	\$ (747,822)	\$ 1,206,109	\$ 3,988,996

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,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 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	\$ 6,755,217
Assigned	882,145	2,231,086	1,504,758	1,401,219	1,888,758	1,848,979	3,999,086	504,494	425,727	1,081,715
Unassigned	799,811	733,937	841,580	809,169	883,318	995,383	961,274	1,144,216	2,201,072	2,339,356
Total General Fund	<u>\$ 2,781,124</u>	<u>\$ 3,463,253</u>	<u>\$ 5,352,292</u>	<u>\$ 15,021,177</u>	<u>\$ 14,314,879</u>	<u>\$ 8,145,980</u>	<u>\$ 7,622,014</u>	<u>\$ 5,945,484</u>	<u>\$ 9,041,115</u>	<u>\$ 10,176,288</u>
All Other Governmental Funds										
Restricted	\$ 3,833	\$ 3,833	\$ 773	\$ 24,854	\$ 24,854	\$ 1	\$ 1	\$ 728,048	\$ 501,126	\$ 485,708
Committed	834,864	834,864	120,868	57,143		1,500,533				
Total All Other Governmental Funds	<u>\$ -0-</u>	<u>\$ 838,697</u>	<u>\$ 121,641</u>	<u>\$ 81,997</u>	<u>\$ 24,854</u>	<u>\$ 1,500,534</u>	<u>\$ 1</u>	<u>\$ 728,048</u>	<u>\$ 501,126</u>	<u>\$ 485,708</u>
Total Governmental Funds	<u>\$ 2,781,124</u>	<u>\$ 4,301,950</u>	<u>\$ 5,473,933</u>	<u>\$ 15,103,174</u>	<u>\$ 14,339,733</u>	<u>\$ 9,646,514</u>	<u>\$ 7,622,015</u>	<u>\$ 6,673,532</u>	<u>\$ 9,542,241</u>	<u>\$ 10,661,996</u>

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Local Tax Levy	\$ 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	\$ 46,025,184
Tuition from Individuals	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	1,892,532
Tuition from Other LEAs								13,000		
Transportation Fees from Individuals								23,644	25,098	26,403
Rents and Royalties										
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	2,000
Interest Earned on Capital Reserve Funds					49,700	52,969	34,430	3,971	10,502	3,509
Miscellaneous	568,278	481,170	647,114	527,833	552,156	459,355	645,321	442,182	826,690	799,052
PILOT Payments								225,542	208,048	198,681
State Sources	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	15,532,651
Federal Sources	708,258	675,109	708,250	718,526	646,596	755,318	864,148	644,262	844,245	1,473,869
Total Revenue	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	66,071,288
Expenditures										
Instruction										
Regular Instruction	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	15,844,061
Special Education Instruction	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	3,910,865
Other Special Instruction	471,887	575,907	691,851	642,121	578,439	511,710	584,475	663,992	635,624	1,055,517
School-Sponsored/Other Instruction	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	1,166,059
Support Services:										
Tuition	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	2,113,658
Student & Other Instruction Related Services	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	7,505,493
General Administrative Services	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	1,327,443
School Administrative Services	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	1,755,423
Central Services	514,190	519,845	533,683	541,470	584,620	557,217	590,670	563,076	369,678	393,616
Administrative Information Technology	139,961	139,044	148,000	230,474	236,322	243,705	342,081	381,637	414,163	484,966
Plant Operations and Maintenance	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	3,835,668
Student Transportation	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	2,191,134
Unallocated Benefits	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	18,514,444
Transfer of Funds to Charter School	34,250	74,197	8,606	24,192	24,261	35,227	25,191	26,326	111,654	62,514
Capital Outlay	413,830		975,878	351,020	1,145,019	4,783,850	2,701,573	3,623,814	317,179	2,532,934
Debt Service:										
Principal										
Interest and Other Charges	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	1,875,000
Total Expenditures	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	647,267
	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	65,216,062
Excess/(Deficit) of Revenues	(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	855,226
Over/(Under) Expenditures										

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources/(Uses)										
Leases (Non-Budgeted)				\$ 7,060,000						
Capital Leases (Non-Budgeted)				626,844						
Capital Reserve - Reimbursement				(6,945,000)						
for Local Share				(51,174)						
Maintenance Reserve - Reimbursement				(690,670)						
for Local Share				31,781						
Long Term Debt Issued				31,781						
Bond Premium										
Serial Bonds Defeased										
Bond Issuance Costs										
Deferred Amount on Refunding										
Transfers	\$ (10,665)							\$ 776,000		
Total Other Financing Sources/(Uses)	(10,665)			31,781				776,000		
Net Change in Fund Balances	\$ (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	\$ 1,119,755
Debt Service as a Percentage of										
Noncapital Expenditures	6.94%	6.92%	6.24%	5.92%	5.54%	4.96%	4.69%	4.37%	4.44%	3.87%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Tuition	Student Activities Fees	Subscription Busing	Chromebook Insurance Fees	Interest on Investments	Use of Facilities	Sale of Property**	Miscellaneous	PILOT Payments	Total
2013	\$ 1,695,519	\$ 89,400	\$ 6,000		\$ 3,940	\$ 69,423		\$ 285,877		\$ 2,150,159
2014	1,805,518	93,135	5,214		5,885	80,742		212,663		2,203,157
2015	1,806,176	92,775	8,125		8,433	69,968	\$ 2,000,000	317,576		4,303,053
2016	1,815,704	95,825	9,750	\$ 22,641	60,765	82,503	9,000,000	187,336		11,274,524
2017	1,754,597	87,300	12,480	27,947	102,519	73,140		150,725		2,208,708
2018	1,755,262	97,180	12,870	26,133	95,291	60,503		103,637		2,150,876
2019	1,760,571	84,950	14,820	745	70,032	76,308		235,134	\$ 147,513	2,390,073
2020	1,840,774	86,570	13,000		50,988	23,644		289,819	225,542	2,530,337
2021	2,044,245	145,522			51,628	25,098		187,553	208,048	2,662,094
2022	2,009,939	91,868			27,908	26,403		220,210	198,681	2,575,009

** 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)
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
2021	19,591,700	2,948,605,900	536,722,000	4,072,500	90,155,500	3,599,147,600	- 0 -	3,599,147,600	598,963,700	1.267	4,334,831,992

* - 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	
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
2021	1.2124	0.0546	1.267	0.446	0.313	2.026

* - 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	2021		
	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	0.48%
Rose City Assoc.	12,772,900	10	0.35%
	<u>\$ 315,159,700</u>		<u>8.76%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Route 24 Holdings, Ind.	\$ 50,000,000	1	2.40%
Rex 7 Giralda Farms LLC	20,516,900	2	0.99%
Rex 1 Giralda Farms LLC	15,951,500	3	0.77%
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	0.55%
Rose City Associates LP of NJ	10,572,200	7	0.51%
175 Park Avenue, LLC	9,720,000	8	0.47%
Verizon	8,919,553	9	0.43%
HCP Sun 1 Madison	7,800,000	10	0.37%
	<u>\$ 162,079,053</u>		<u>7.79%</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	
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-
2022	46,025,184	46,025,184	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	Financed Purchases and Leases	Bond Anticipation Notes (BANs)			
2013	\$ 42,940,000	\$ 77,025	\$ -0-	\$ 43,017,025	3.31%	\$ 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	2.66%	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	2.22%	2,163.41
2019	34,050,000	-0-	-0-	34,050,000	1.96%	1,938.96
2020	32,560,000	-0-	-0-	32,560,000	1.81%	1,848.74
2021	32,425,000	926,518	-0-	33,351,518	1.93%	1,967.87
2022	30,550,000	939,282	-0-	31,489,282	1.82%	1,857.99

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		
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%	1,913.21
2022	30,550,000	-0-	30,550,000	0.849%	1,802.57

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, 2021
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	\$ 20,855,659	100.00%	\$ 20,855,659
Morris County General Obligation Debt	235,030,042	4.08%	<u>9,589,481</u>
Subtotal, Overlapping Debt			30,445,140
Borough of Madison School District Direct Debt			<u>30,550,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 60,995,140</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 2022

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>
2019	\$ 4,425,698,102
2020	4,316,247,988
2021	4,356,794,093
	<u>\$ 13,098,740,183</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,366,246,728</u>
Debt Limit (4% of Average Equalization Value) a	\$ 174,649,869
Net Bonded School Debt	<u>30,550,000</u>
Legal Debt Margin	<u>\$ 144,099,869</u>

	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 141,897,398	\$ 141,638,856	\$ 145,425,277	\$ 149,533,924	\$ 155,575,556
Total Net Debt Applicable to Limit	<u>42,940,000</u>	<u>41,475,000</u>	<u>39,965,000</u>	<u>38,520,000</u>	<u>36,900,000</u>
Legal Debt Margin	<u>\$ 98,957,398</u>	<u>\$ 100,163,856</u>	<u>\$ 105,460,277</u>	<u>\$ 111,013,924</u>	<u>\$ 118,675,556</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.26%	29.28%	27.48%	25.76%	23.72%

	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 158,054,593	\$ 163,917,471	\$ 169,368,013	\$ 173,678,691	\$ 174,649,869
Total Net Debt Applicable to Limit	<u>35,495,000</u>	<u>34,050,000</u>	<u>32,560,000</u>	<u>32,425,000</u>	<u>30,550,000</u>
Legal Debt Margin	<u>\$ 122,559,593</u>	<u>\$ 129,867,471</u>	<u>\$ 136,808,013</u>	<u>\$ 141,253,691</u>	<u>\$ 144,099,869</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.46%	20.77%	19.22%	18.67%	17.49%

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
2013	16,031	\$ 1,298,927,806	\$ 81,026	6.60%
2014	15,883	1,338,730,421	84,287	4.80%
2015	15,885	1,402,613,730	88,298	4.00%
2016	15,855	1,446,800,460	91,252	3.70%
2017	15,787	1,476,779,128	93,544	3.40%
2018	16,407	1,595,482,308	97,244	3.10%
2019	17,561	1,740,997,540	99,140	2.70%
2020	17,612	1,800,421,924	102,227	6.00%
2021	16,948	1,732,543,196	102,227 *	4.40%
2022	16,948 **	1,732,543,196 ***	102,227 *	N/A

* - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

** - Latest population data available (2021) was used for calculation purposes.

*** - Latest available population data (2021) and latest available Morris County per capita personal income (2020) 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	2021		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health System	7,642	1	3.06%
Picatinny Arsenal	6,000	2	2.40%
Novartis	5,200	3	2.08%
Bayer	3,483	4	1.40%
Barclays	2,560	5	1.03%
ADP	2,400	6	0.96%
Accenture	1,826	7	0.73%
Honeywell	1,704	8	0.68%
Saint Clare's Health	1,638	9	0.66%
County of Morris	1,469	10	0.59%
	<u>33,922</u>		<u>13.59%</u>

Total Employment

249,661

Employer	2012		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis	6,200	1	2.42%
U.S. Army Armament Research and Development	5,274	2	2.06%
Atlantic Health Systems	5,013	3	1.96%
United Parcel Service	2,332	4	0.91%
County of Morris	1,928	5	0.75%
ADP	1,924	6	0.75%
St. Clare's Health System	1,841	7	0.72%
AT&T	1,550	8	0.61%
Chilton Memorial	1,440	9	0.56%
BASF	1,400	10	0.55%
	<u>28,902</u>		<u>11.29%</u>
Total Employment	<u>255,907</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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction:										
Regular	142	152	152	161	167	168	169	169	174	157
Special Education	44	45	53	57	55	55	56	59	56	52
Other Special Instruction	29	30	30	26	40	58	59	44	34	28
Support Services:										
Student & Instruction Related Services	38	43	41	44	32	35	35	43	45	48
General Administrative Services	3	3	3	3	4	4	4	6	6	6
School Administrative Services	16	19	16	15	16	16	15	18	18	18
Central Services	18	17	20	20	19	6	5	5	4	4
Administration Information Technology	3	3	3	5	5	4	4	4	4	4
Plant Operations and Maintenance	24	22	25	27	28	31	29	29	28	30
Total	317	334	343	358	366	377	376	377	369	347

Source: District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio						Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary			Middle						
						Central Avenue	Kings Road	Torey J. Sabatini	Madison Junior School	Madison High School	Madison School				
2013	2,449	\$ 41,375,072	\$ 16,895	8.47%	215	10.9:1	11.2:1	12.2:1	11.1:1	11.7:1	2,417	2,316	-0.74%	95.82%	
2014	2,503	39,949,825	15,961	-5.53%	227	11.0:1	9.2:1	12.0:1	11.2:1	11.3:1	2,509	2,410	3.81%	96.05%	
2015	2,524	44,367,335	17,578	10.13%	235	9.2:1	9.9:1	11.0:1	10.0:1	10.9:1	2,528	2,424	0.76%	95.89%	
2016	2,565	46,073,494	17,962	2.19%	244	9.8:1	9.6:1	11.1:1	11.9:1	11.2:1	2,568	2,464	1.58%	95.95%	
2017	2,600	48,283,202	18,570	3.39%	262	8.2:1	7.8:1	10.8:1	10.6:1	11.7:1	2,607	2,492	1.52%	95.59%	
2018	2,603	50,050,853	19,228	3.54%	281	7.1:1	7.2:1	10.1:1	10.8:1	10.9:1	2,620	2,488	0.50%	94.96%	
2019	2,597	53,320,934	20,532	6.78%	284	6.5:1	8.0:1	10.1:1	10.6:1	10.7:1	2,629	2,504	0.34%	95.25%	
2020	2,571	53,878,249	20,956	2.07%	277	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	2,597	2,507	-1.22%	96.53%	
2021	2,526	56,356,808	22,311	6.46%	264	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	2,477	2,507	-4.62%	101.21%	
2022	2,526	60,160,861	23,817	6.75%	267	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	2,478	2,357	0.04%	95.12%	

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Green Village Road School (1948)* Square Feet	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	501	505	480	488	502	499	489	476	497	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	290	281	286	286	311	310	311	307	286	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	313	333	343	337	323	332	314	296	272	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	536	548	589	610	635	624	617	612	590	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	809	836	826	844	829	838	866	880	881	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, 2022

- 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,				
		2013	2014	2015	2016	2017
Central Avenue	N/A	\$ 135,480	\$ 109,524	\$ 200,355	\$ 279,273	\$ 452,058
Kings Road	N/A	97,887	79,133	144,760	201,779	326,619
Torey J. Sabatini	N/A	117,715	95,163	174,083	242,653	392,781
Junior School	N/A	214,884	173,716	317,782	442,952	717,005
High School	N/A	331,254	267,790	489,875	682,831	1,105,296
Grand Total		<u>\$ 897,220</u>	<u>\$ 725,326</u>	<u>\$ 1,326,855</u>	<u>\$ 1,849,488</u>	<u>\$ 2,993,759</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2018	2019	2020	2021	2022
Central Avenue	N/A	\$ 272,277	\$ 258,915	\$ 184,210	\$ 194,964	\$ 80,814
Kings Road	N/A	236,574	187,071	115,131	121,852	141,819
Torey J. Sabatini	N/A	431,857	224,965	161,184	170,593	177,506
Junior School	N/A	196,725	410,664	264,802	280,260	199,690
High School	N/A	665,727	638,046	425,987	450,854	392,725
Grand Total		<u>\$ 1,803,160</u>	<u>\$ 1,719,661</u>	<u>\$ 1,151,314</u>	<u>\$ 1,218,523</u>	<u>\$ 992,554</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, 2022
UNAUDITED

	Coverage	Deductible
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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Madison School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 6, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

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

Report on 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
February 6, 2023

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 Required by the Uniform Guidance and NJOMB 15-08

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

Opinion on Each Major Federal and State Program

We have audited the Borough of Madison School District (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mount Arlington, New Jersey
February 6, 2023

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, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expendi- tures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	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	7/1/21-6/30/22	\$ 10,744	\$	2,259	\$ 10,744	\$ (4,161)				\$ 6,583	
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	9,469				(2,259)					
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	877,272			725,981	(877,272)				\$ (151,291)	
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	280,588	\$ (67,767)		67,767						
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	N/A	7/1/21-6/30/22	4,088			4,088	(4,088)					
Total Child Nutrition Cluster					(67,767)	2,259	808,580	(887,780)				(151,291)	6,583
COVID 19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649	N/A	7/1/21-6/30/22	1,242			1,242	(1,242)					
Total Child Nutrition Cluster / U.S. Department of Agriculture					(67,767)	2,259	809,822	(889,022)				(151,291)	6,583
U.S. Department of Education:													
Passed-through State Department of Education:													
Special Revenue Fund:													
Elementary and Secondary Education Act:													
Title I	84.010	ESEA287022	7/1/21-9/30/22	113,496			52,999	(80,278)				(27,279)	
Title I	84.010	ESEA287021	7/1/20-9/30/21	84,523	(13,562)		13,563	(80,278)	\$ (1)			(27,279)	
Total Title I					(13,562)								
Title IIA	84.367	ESEA287022	7/1/21-9/30/22	58,367			16,955	(25,030)				\$ (1,564)	
Title IIA	84.367	ESEA287021	7/1/20-9/30/21	47,950								(1,564)	
Total Title II							16,955	(25,030)				(8,075)	
Title III	84.365	ESEA287022	7/1/21-9/30/22	29,646			20,076	(22,568)				(2,492)	
Title III - Immigrant	84.365	ESEA287021	7/1/20-9/30/21	7,259	(6,100)		6,100						
Education Stabilization Fund:													
COVID 19 - CARES Emergency Relief	84.425D	CARES287022	3/13/20-9/30/22	56,354				(11,007)				(11,007)	
COVID 19 - CRRSA:													
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	198,415			63,455	(167,734)				(104,279)	
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000			45,000	(45,000)					
COVID 19 - ARP:													
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	445,925			45,000	(111,750)				(69,252)	
Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000			195,953	(380,491)				(184,538)	
Total Education Stabilization Fund													
Special Education Cluster (IDEA):													
COVID 19 - ARP - I.D.E.A. Part B, Basic	84.027X	IDEA287022	7/1/21-9/30/22	128,297			112,224	(119,405)				(7,181)	
I.D.E.A. Part B, Basic	84.027	IDEA287022	7/1/21-9/30/22	653,079			493,288	(652,282)				(158,994)	
I.D.E.A. Part B, Basic	84.027	IDEA287021	7/1/20-9/30/21	664,094	(198,529)		198,529						
COVID 19 - ARP - I.D.E.A. Part B, Preschool	84.173X	IDEA287022	7/1/21-9/30/22	10,953				(10,953)				(10,953)	
I.D.E.A. Preschool	84.173	IDEA287022	7/1/22-9/30/22	33,468			33,468	(33,468)					
I.D.E.A. Preschool	84.173	IDEA287021	7/1/20-9/30/21	33,870	(20,858)		20,859	(816,108)		(1)		(177,128)	
Total Special Education Cluster (IDEA)					(219,387)		858,368	(816,108)		(1)		(177,128)	
Total U.S. Department of Education					(239,049)		1,164,014	(1,324,475)		(2)		(399,512)	

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expendi- tures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Amounts Provided to Subrecipients
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			\$ 32					\$ 32			
COVID 19 - Additional or Compensatory Special Education and Related Services (ACSERS)	21,027	SLFRFDOEISES	7/1/21-6/30/22	150,413				\$ (150,413)				\$ (150,413)			
Total U.S. Department of Treasury							32	(150,413)				(150,413)	32		
U.S. Department of Health and Human Services:															
Medicaid Cluster:															
Medicaid Assistance Program	93,778	N/A	7/1/21-6/30/22	2,285			\$ 1,449	(2,285)				(836)			
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							1,449	(2,285)				(836)			
Total Federal Awards					\$ (306,816)	\$ 2,259	\$ 1,596	\$ 1,975,285	\$ (2,366,195)	\$ (2)	\$ (1,564)	\$ (702,052)	\$ 6,583	\$ 32	\$ -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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
State Department of Education:												
General Fund State Aid:												
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 1,776,039			\$ 1,603,959	\$ (1,776,039)				\$ (172,080)	\$ 1,776,039
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	205,379			185,480	(205,379)				(19,899)	205,379
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	255,898			231,104	(255,898)				(24,794)	255,898
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	50,089				(50,089)			\$ (50,089)	(50,089)	50,089
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	712,448				(712,448)			(712,448)	(712,448)	712,448
Securing Our Children's Future Bond Act	N/A	7/1/20-6/30/22	148,864				(148,864)			(148,864)	(148,864)	148,864
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	1,694,914			1,687,739	(1,694,914)			(7,175)	(7,175)	1,694,914
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	1,874,533			1,874,533	(1,874,533)					1,874,533
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	7,911,532			7,911,532	(7,911,532)					7,911,532
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	111,621			111,621	(111,621)					111,621
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	3,497			3,497	(3,497)					3,497
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,335,808	\$ (129,411)		129,411					(1,135,349)	1,335,808
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	205,379	(19,897)		19,897						205,379
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	255,898	(24,791)		24,791						255,898
Excess Nonpublic Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	55,261	(55,261)		55,261						55,261
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/20-6/30/21	672,909	(672,909)		672,909						672,909
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,570,113	(77,365)		77,365						1,570,113
Subtotal - General Fund				(979,634)		14,589,099	(14,744,814)			(918,576)	(1,135,349)	18,840,182
Debt Service Fund Aid:												
Debt Service Aid - State Support	22-495-034-5120-075	7/1/21-6/30/22	538,722			538,722	(538,722)					538,722
Subtotal - Debt Service Fund												
Food Service Fund:												
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	19,491			16,202	(19,491)				(3,289)	19,491
COVID-19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	15,453	(3,080)		3,080						15,453
Subtotal - Food Service Fund				(3,080)		19,282	(19,491)			(3,289)	(3,289)	34,944

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	\$ 25,262	\$	\$ 905	\$ 25,262	\$ (25,262)	\$ (1)	\$ (904)	\$	\$ 6,767	\$ 25,262
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	24,385									23,481
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	6,767		6,767							
Nonpublic Handicapped Services:												
Supplementary Instruction	22-100-034-5120-067	7/1/21-6/30/22	31,388			31,388	(27,010)				4,378	27,010
Supplementary Instruction	21-100-034-5120-067	7/1/20-6/30/21	29,141		2,589			(2,589)				26,552
Corrective Speech	22-100-034-5120-067	7/1/21-6/30/22	19,344			19,344	(17,577)				1,767	17,577
Corrective Speech	21-100-034-5120-067	7/1/20-6/30/21	20,051		2,278			1	(2,279)			17,772
Examination and Classification	22-100-034-5120-067	7/1/21-6/30/22	43,414			43,414	(32,045)				11,369	32,045
Examination and Classification	21-100-034-5120-067	7/1/20-6/30/21	38,092		373				(373)			37,719
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	22,387			22,387	(22,114)		(9,469)		273	22,387
N.J. Nonpublic Textbook Aid	21-100-034-5120-067	7/1/20-6/30/21	32,805		9,469			283			283	23,053
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	41,776			41,776	(41,620)				156	41,776
N.J. Nonpublic Nursing Aid	21-100-034-5120-067	7/1/20-6/30/21	54,774		15,810			(15,810)				38,964
N.J. Nonpublic Technology Initiative	22-100-034-5120-067	7/1/21-6/30/22	15,246			15,246	(15,246)					15,246
N.J. Nonpublic Security Aid	22-100-034-5120-067	7/1/21-6/30/22	65,275			65,275	(63,312)				1,963	63,312
N.J. Nonpublic Security Aid	21-100-034-5120-067	7/1/20-6/30/21	93,975		27,125			2,707	(27,125)		2,707	64,143
School Development Authority:												
Emergent & Capital Maintenance Needs	N/A	7/1/21-6/30/22	63,736				(63,736)			\$ (63,736)	\$	63,736
Subtotal - Special Revenue Fund					65,316	264,092	(307,922)	2,990	(58,549)	(63,736)	29,663	540,035
Total State Department of Education				\$ (982,714)	65,316	15,411,195	(15,610,949)	2,990	(58,549)	(985,601)	29,663	19,953,883
Total State Awards				\$ (982,714)	65,316	15,411,195	(15,610,949)	2,990	(58,549)	(985,601)	29,663	19,953,883
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	(1,874,533)				1,874,533					
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(7,911,532)				7,911,532					
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(111,621)				111,621					
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	(3,497)				3,497					
Subtotal - On-Behalf TPAF Pension System Contributions							9,901,183					
Total State Awards Subject to Single Audit Major Program Determination							(5,709,766)					

N/A - Not Available/Applicable

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

BOROUGH OF MADISON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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, 2022

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$42,674) for the general fund and (\$55,128) for the special revenue fund (of which (\$35,691) 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	\$ 2,285	\$ 14,702,140	\$ 14,704,425
Special Revenue Fund	1,471,584	291,789	1,763,373
Debt Service Fund		538,722	538,722
Proprietary Fund	<u>889,022</u>	<u>19,491</u>	<u>908,513</u>
Total Awards	<u>\$ 2,362,891</u>	<u>\$ 15,552,142</u>	<u>\$ 17,915,033</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, 2022. 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, 2022

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 Required by the Uniform Guidance and NJ OMB 15-08*.
- 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>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/21-6/30/22	\$ 10,744	\$ 4,161
Food Distribution Program	10.555	7/1/20-6/30/21	9,469	2,259
COVID-19 - Seamless Summer Option	10.555	7/1/21-6/30/22	877,272	877,272
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	7/1/21-6/30/22	4,088	4,088
Education Stabilization Fund:				
COVID 19 - CARES Emergency Relief	84.425D	3/13/20-9/30/22	56,354	11,007
COVID 19 - CRRSA: ESSER II	84.425D	3/13/20-9/30/23	198,415	167,734
Mental Health	84.425D	3/13/20-9/30/23	45,000	45,000
COVID 19 - ARP: ESSER III	84.425U	3/13/20-9/30/24	445,925	111,750
Mental Health	84.425U	3/13/20-9/30/24	45,000	45,000

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

Summary of Auditors' Results: (Cont'd)

<u>State:</u>	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	7/1/21-6/30/22	\$ 1,694,914	\$ 1,694,914

- 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.

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, 2022

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.