

**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, 2023**

**Annual Comprehensive  
Financial Report**

**of the**

**Borough of Madison School District**

**Madison, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by**

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

BOROUGH OF MADISON SCHOOL DISTRICT  
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INTRODUCTORY SECTION  
(UNAUDITED)



## **BOARD OF EDUCATION OF THE BOROUGH OF MADISON**

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

Johanna Ruberto  
Interim Superintendent

Carrie Grapstein  
School Business Administrator/  
Board Secretary

December 1, 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, 2023, 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 2022-2023 fiscal year with an average daily enrollment of 2,517 students, which is an increase of 39 student from the previous fiscal year's average daily enrollment. This increase was preceded by a 1 student increase in the average daily enrollment in the 2021-2022 fiscal year.

The Honorable President and Members of  
the Board of Education  
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2) ECONOMIC CONDITION AND OUTLOOK: Madison Public Schools started the 2022-2023 school year hopeful that the year would be uninterrupted by any lingering effects of COVID-19, but well prepared to implement plans for Emergency Virtual/Remote Instruction if there was a need to pivot to remote instruction. Thankfully, there was no need for remote instruction.

There were many noteworthy changes in Madison during the 2022-2023 school year. The district transitioned employees from participation in the NJ State Educators' Health Benefits Insurance Plan to private health insurance through Horizon Blue Cross brokered by Centric Benefits Consulting. As a result of the transition, the district was able to negotiate a zero percent increase in health insurance costs for 18 months (through June 2024). However, Madison Public Schools were again affected by Chapter 44 legislation. The maximum allowable 2% increase in the local tax levy for the 2022-2023 school year was reduced to a 1% increase over the 2021-2022 school year due to projected savings in healthcare costs.

The Board successfully negotiated a 5-year collective bargaining agreement with the Madison Education Association with negotiations well underway with the Madison Administrators Association and the Madison NJEA Facilities Staff.

There were significant changes in staffing during the 2022-2023 school year. Madison Public Schools welcomed a new Director of Curriculum & Instruction, a new High School Assistant Principal, but accepted resignations from its Superintendent of Schools, Assistant Superintendent of Schools, and its School Business Administrator. A new School Business Administrator was appointed in March of 2023 and started in Madison in June.

3) MAJOR INITIATIVES: Madison High School entered into a partnership with the Morris County Vocational School District and opened the Academy of Government & Leadership during the 2022-2023 school year. The program, open to 8th grade students throughout Morris County, educates students in all areas of governance, including public policy, public administration, ethics, and international relations. Students in this program take a deep dive into United States government operations and examine the role that politics plays in shaping our country. The program culminates with an internship in which students can gain real world experience in government and politics. Participants are given an opportunity to contribute to society through civic service and engagement because of participation in this program.

The district was still in the planning stages for a bond referendum at the close of the 2022-2023 school year but was able to fund several capital projects through its reserves. The district went out to bid for replacement of the Central Avenue School roof. Work on the roof commenced in June 2023. The district also began transitioning the building controls at Torey J. Sabatini Elementary School to a standard building automation system. Additionally, repairs were made to the varsity baseball infield at Madison High School and to the softball field infield and dugout area at Madison Junior School.

After Governor Murphy signed legislation appropriating \$350 million to the New Jersey Schools Development Authority, the District applied for a Regular Operating District Grant. Under the ROD grant program, the District could be awarded approximately 40% of the costs of approved eligible projects. A ROD Grant award will allow for renovations to the HVAC systems at Torey J. Sabatini Elementary School, Madison Junior and High Schools.

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, 2023.

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 ACFR.

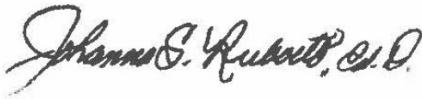
The Board is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group and the Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group and the Fund is included in Note 12 to the Basic Financial Statements.

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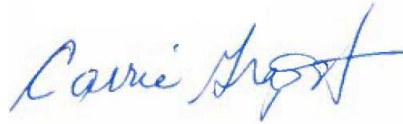
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state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

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

Respectfully submitted,

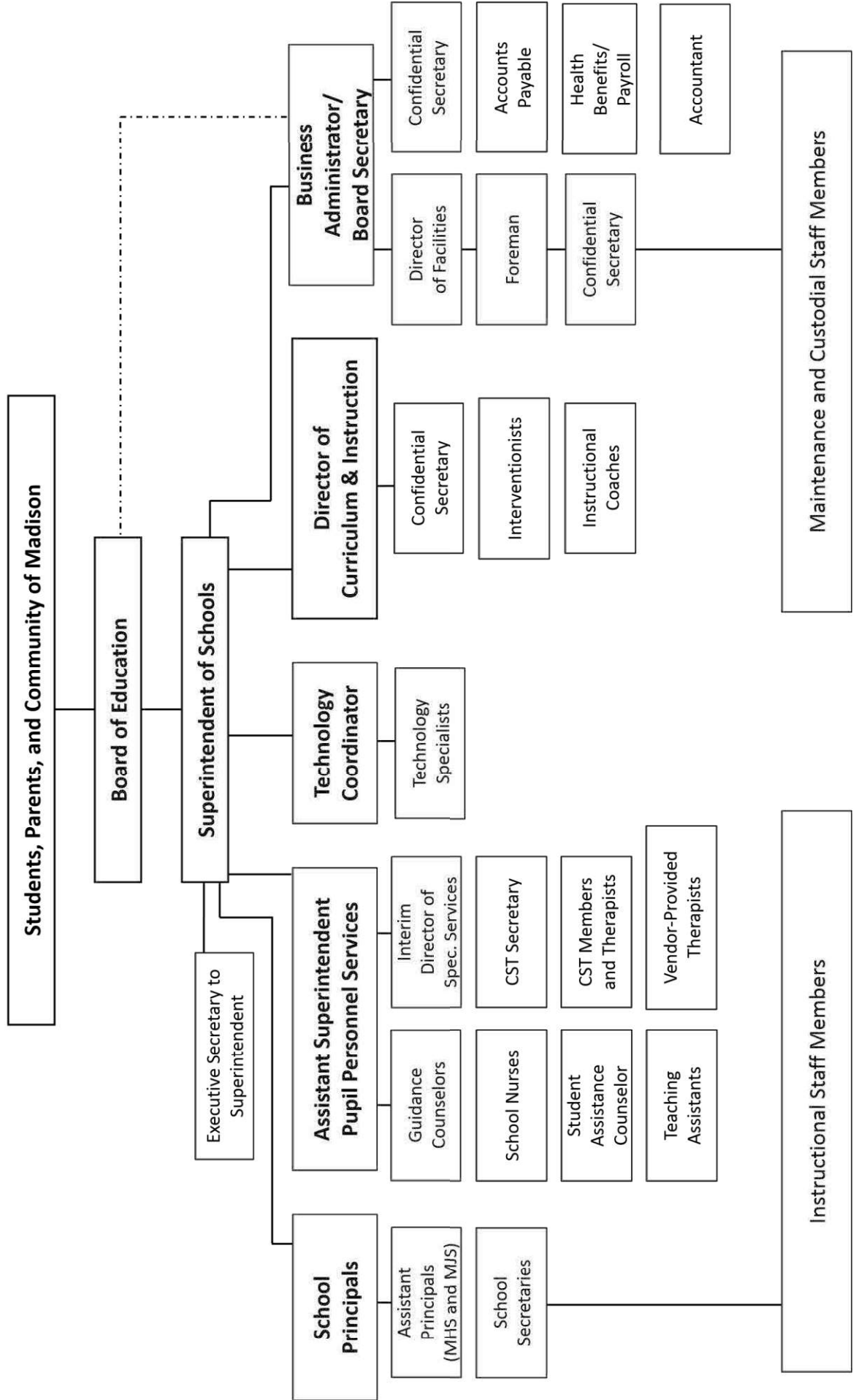


Dr. Johanna Ruberto  
Interim Superintendent



Carrie Grapstein  
School Business Administrator/Board Secretary

# MADISON PUBLIC SCHOOLS ORGANIZATIONAL CHART 2022 - 2023



**BOROUGH OF MADISON SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sarah Fischer, President	2024
Stephen Tindall, Vice-President	2025
Pamela Yousey	2023
David Irwin	2023
Grace Kim	2024
Heather Reddy	2023
Richard Bruno, Harding Township Representative	

<u>Other Officials</u>	<u>Title</u>
Mark Schwarz	Superintendent of Schools
Dr. Johanna Ruberto	Interim Superintendent of Schools (7/1/23-Present)
Danielle Mancuso	Business Administrator/Board Secretary (7/1/22-1/17/23)
Kathleen Kane	Interim Business Administrator/Board Secretary (1/18/23-5/31/23)
Carrie Grapstein	Business Administrator/Board Secretary (6/1/23-Present)
John Griffin	Treasurer of School Monies

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

**Attorneys**

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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, 2023, 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, 2023, 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.

#### ***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 December 1, 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  
December 1, 2023

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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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, 2023**

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, 2023. 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**

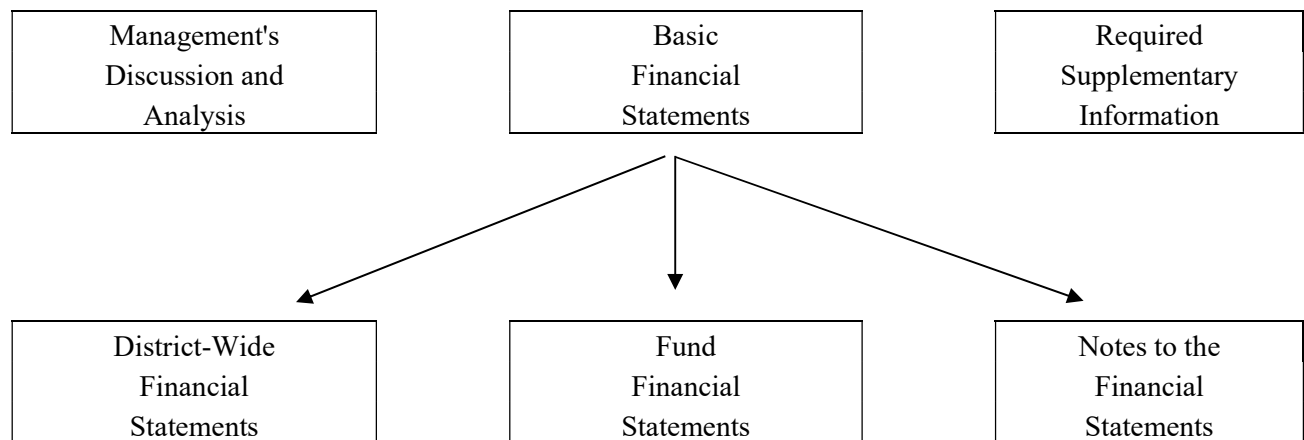


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**BOROUGH OF MADISON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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, subscription 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, 2023**

**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 liabilities) 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, 2023**

**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 7.56%. Net position from governmental activities increased \$1,715,989 and net position from business-type activities increased by \$154,491. Net investment in capital assets decreased by \$86,235, restricted net position increased by \$559,404, and unrestricted deficit net position increased by \$1,397,311.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Current and Other Assets	\$ 12,675,578	\$ 11,595,293	\$ 759,709	\$ 565,022	\$ 13,435,287	\$ 12,160,315	
Capital Assets, Net	53,100,361	54,484,984	193,092	216,849	53,293,453	54,701,833	
Lease Assets, Net	597,617	847,928			597,617	847,928	
Total Assets	66,373,556	66,928,205	952,801	781,871	67,326,357	67,710,076	-0.57%
Deferred Outflows of Resources	3,319,713	4,590,735			3,319,713	4,590,735	-27.69%
Other Liabilities	2,324,172	1,672,387	203,785	187,346	2,527,957	1,859,733	
Long-Term Liabilities	38,241,174	40,312,044			38,241,174	40,312,044	
Total Liabilities	40,565,346	41,984,431	203,785	187,346	40,769,131	42,171,777	-3.33%
Deferred Inflows of Resources	3,276,838	5,399,413			3,276,838	5,399,413	-39.31%
Net Position:							
Net Investment in							
Capital Assets	25,643,572	25,706,050	193,092	216,849	25,836,664	25,922,899	
Restricted	7,800,329	7,240,925			7,800,329	7,240,925	
Unrestricted (Deficit)	(7,592,816)	(8,811,879)	555,924	377,676	(7,036,892)	(8,434,203)	
Total Net Position	\$ 25,851,085	\$ 24,135,096	\$ 749,016	\$ 594,525	\$ 26,600,101	\$ 24,729,621	7.56%

*Changes in Net Position.* The District's combined net position was \$26,600,101 on June 30, 2023, \$1,870,480 or 7.56% more than it was last fiscal year (See Figure A-3). Net investment in capital assets decreased primarily due to capital and lease assets depreciation and amortization expense, respectively; offset by the maturity of serial bonds and leases and financed purchases payable, amortization of bond issuance premium and capital asset additions. Restricted net position increased mainly due to an increase in excess surplus. Unrestricted net position increased primarily due to changes in net pension liability and related deferred outflows and inflows.

**BOROUGH OF MADISON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,780,502	\$ 2,485,510	\$ 916,830	\$ 383,374	\$ 3,697,332	\$ 2,868,884	
Grants and Contributions:							
Operating	12,068,141	14,808,922	296,423	908,513	12,364,564	15,717,435	
General Revenue:							
Property Taxes	46,559,080	46,025,184			46,559,080	46,025,184	
Unrestricted State and Federal Aid	707,889	746,384			707,889	746,384	
Other	751,903	473,202			751,903	473,202	
Total Revenue	<u>62,867,515</u>	<u>64,539,202</u>	<u>1,213,253</u>	<u>1,291,887</u>	<u>64,080,768</u>	<u>65,831,089</u>	-2.66%
Expenses:							
Instruction	34,142,685	35,345,127			34,142,685	35,345,127	
Pupil and Instruction Services	12,297,988	12,084,090			12,297,988	12,084,090	
Administrative and Business	5,658,276	5,602,668			5,658,276	5,602,668	
Maintenance and Operations	5,169,521	4,383,787			5,169,521	4,383,787	
Transportation	2,667,408	2,297,121			2,667,408	2,297,121	
Other	1,215,648	1,075,197	1,059,248	1,054,103	2,274,896	2,129,300	
Total Expenses	<u>61,151,526</u>	<u>60,787,990</u>	<u>1,059,248</u>	<u>1,054,103</u>	<u>62,210,774</u>	<u>61,842,093</u>	0.60%
Other Item	<u>-0-</u>	<u>-0-</u>	<u>486</u>	<u>-0-</u>	<u>486</u>	<u>-0-</u>	100.00%
Change in Net Position	<u>\$ 1,715,989</u>	<u>\$ 3,751,212</u>	<u>\$ 154,491</u>	<u>\$ 237,784</u>	<u>\$ 1,870,480</u>	<u>\$ 3,988,996</u>	53.11%

**BOROUGH OF MADISON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved. 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	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 34,142,685	\$ 35,345,127	\$ 22,694,706	\$ 22,266,584
Pupil and Instruction Services	12,297,988	12,084,090	9,905,693	9,220,504
Administrative and Business	5,658,276	5,602,668	4,964,526	4,705,213
Maintenance and Operations	5,169,521	4,383,787	5,169,521	4,234,923
Transportation	2,667,408	2,297,121	2,352,789	1,991,137
Other	1,215,648	1,075,197	1,215,648	1,075,197
	<u>\$ 61,151,526</u>	<u>\$ 60,787,990</u>	<u>\$ 46,302,883</u>	<u>\$ 43,493,558</u>

**Business-Type Activities**

Net position from the District's business-type activity increased by \$154,491. (Refer to Figure A-4). Factors contributing to these results included:

- Food Service Fund revenues exceeded expenses by \$136,809. This was primarily due to the cease of the Seamless Summer Option Program, resulting in an increase in both reimbursable and a la carte sales.
- Integrated Preschool Fund revenues exceeded expenses by \$23,300.
- Summer Program Fund expenses exceeded revenue by \$6,104.



**BOROUGH OF MADISON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Financial Analysis of the District's Funds**

The District's financial position improved 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
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Land	\$ 9,072,600	\$ 9,072,600			\$ 9,072,600	\$ 9,072,600	
Land Improvements	1,159,674	1,312,987			1,159,674	1,312,987	
Buildings and Building Improvements	41,241,743	42,459,281			41,241,743	42,459,281	
Machinery and Equipment	1,626,344	1,640,116	\$ 193,092	\$ 216,849	1,819,436	1,856,965	
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$53,100,361</b>	<b>\$54,484,984</b>	<b>\$ 193,092</b>	<b>\$ 216,849</b>	<b>\$53,293,453</b>	<b>\$54,701,833</b>	<b>-2.57%</b>

The District's overall capital assets, net of depreciation, decreased by \$1,408,380 or 2.57% 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 \$2,070,870 or 5.14% 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, 2023**

**Long-term Liabilities (Cont'd)**

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

	Total School District		Total
	2022/23	2021/22	Percentage Change 2022/23
General Obligation Bonds (Financed with Property Taxes)	\$ 28,625,000	\$ 30,550,000	
Unamortized Bond Issuance Premium	388,050	698,552	
Net Pension Liability	7,854,864	7,386,819	
Other Long-Term Liabilities	1,373,260	1,676,673	
	\$ 38,241,174	\$ 40,312,044	-5.14%

- The District continued to pay down its debt, retiring \$1,925,000 of serial bonds.
- Unamortized bond issuance premiums decreased by \$310,502.
- The District's net pension liability increased by \$468,045.
- The District paid down \$239,577 in lease principal.
- The District paid down \$29,254 in financed purchase principal in the current fiscal year.
- The District's compensated absences payable decreased by a net amount of \$34,582.

**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:

- On December 12, 2023, Madison residents will have the opportunity to vote on a \$79 million referendum which focuses on improving health, safety and security in its schools.
- Madison settled the Collective Bargaining Agreement with the MEA for a 5-year contract beginning 2022. The first year the increases average 3.25%. The following years' increases average 3.20%. By the end of June 2023, the Board was still in negotiations with the MAA and the MAF.
- The district continues to explore cost savings and revenue generating opportunities. Creation and expansion of its in-house transportation department will result in both cost savings and revenue generating opportunities.
- The district successfully started a CTE Academy and will continue to explore opportunities to expand course offerings.
- The district is currently utilizing an outside company to hire paraprofessionals through attrition.
- Declining enrollment of Harding students in 2023-2024
- Uncertain about trends in state aid

**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](http://www.madisonpublicschools.org).

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MADISON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,336,725	\$ 738,996	\$ 6,075,721
Receivables from State Government	787,879	455	788,334
Receivables from Federal Government	693,840	8,274	702,114
Receivables from Other Governments	45,686		45,686
Other Receivables	79,188		79,188
Inventories		11,984	11,984
Restricted Cash and Cash Equivalents	5,732,260		5,732,260
Capital Assets, Net:			
Sites (Land)	9,072,600		9,072,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	44,027,761	193,092	44,220,853
Lease Assets, net	597,617		597,617
Total Assets	<u>66,373,556</u>	<u>952,801</u>	<u>67,326,357</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	1,629,095		1,629,095
Deferred Outflows Related to Pensions	1,690,618		1,690,618
Total Deferred Outflows of Resources	<u>3,319,713</u>		<u>3,319,713</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,187,349	42,646	2,229,995
Accrued Interest Payable	78,163		78,163
Payable to Federal Government	32		32
Payable to State Government	25,805		25,805
Unearned Revenue	32,823	161,139	193,962
Noncurrent Liabilities:			
Due Within One Year	2,320,351		2,320,351
Due Beyond One Year	35,920,823		35,920,823
Total Liabilities	<u>40,565,346</u>	<u>203,785</u>	<u>40,769,131</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	3,276,838		3,276,838
Total Deferred Inflows of Resources	<u>3,276,838</u>		<u>3,276,838</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	25,643,572	193,092	25,836,664
Restricted for:			
Capital Projects	3,722,077		3,722,077
Debt Service	1		1
Maintenance	1,219,400		1,219,400
Unemployment Compensation	284,991		284,991
Excess Surplus	2,068,068		2,068,068
Student Activities	372,889		372,889
Scholarships	132,903		132,903
Unrestricted/(Deficit)	<u>(7,592,816)</u>	<u>555,924</u>	<u>(7,036,892)</u>
Total Net Position	<u>\$ 25,851,085</u>	<u>\$ 749,016</u>	<u>\$ 26,600,101</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, 2023

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	\$ 24,642,384	\$ 1,467,249	\$ 4,900,110	\$ (18,275,025)		\$ (18,275,025)
Special Education	6,335,017	487,747	4,153,232	(1,694,038)		(1,694,038)
Other Special Instruction	1,762,980		346,248	(1,416,732)		(1,416,732)
School Sponsored/Other Instruction	1,402,304	93,393		(1,308,911)		(1,308,911)
Support Services:						
Tuition	2,506,787		614,424	(1,892,363)		(1,892,363)
Student and Instruction Related Services	9,791,201	728,766	1,049,105	(8,013,330)		(8,013,330)
General Administrative Services	1,454,572		190,317	(1,264,255)		(1,264,255)
School Administrative Services	2,911,361		454,387	(2,456,974)		(2,456,974)
Central Services	595,373		49,046	(546,327)		(546,327)
Administrative Information Technology	696,970			(696,970)		(696,970)
Plant Operations and Maintenance	5,169,521			(5,169,521)		(5,169,521)
Pupil Transportation	2,667,408	3,347	311,272	(2,352,789)		(2,352,789)
Interest on Long-Term Debt	1,215,648			(1,215,648)		(1,215,648)
Total Governmental Activities	61,151,526	2,780,502	12,068,141	(46,302,883)		(46,302,883)
Business-Type Activities:						
Food Service	926,577	766,963	296,423		\$ 136,809	136,809
Integrated Preschool		23,300			23,300	23,300
Summer Program	132,671	126,567			(6,104)	(6,104)
Total Business-Type Activities	1,059,248	916,830	296,423		154,005	154,005
Total Primary Government	\$ 62,210,774	\$ 3,697,332	\$ 12,364,564	(46,302,883)	154,005	(46,148,878)

BOROUGH OF MADISON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 44,476,745		\$ 44,476,745
Taxes Levied for Debt Service	2,082,335		2,082,335
Federal, State and Local Aid not Restricted	707,889		707,889
Interest Earnings	233,462		233,462
Miscellaneous Income	518,441		518,441
Other Item:			
Cancellation of Prior Year Accounts Payable		\$ 486	486
Total General Revenues	48,018,872	486	48,019,358
Change in Net Position	1,715,989	154,491	1,870,480
Net Position - Beginning	24,135,096	594,525	24,729,621
Net Position - Ending	\$ 25,851,085	\$ 749,016	\$ 26,600,101

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,336,724		\$ 1	\$ 5,336,725
Interfund Receivable	526,151			526,151
Receivables From State Government	787,879			787,879
Receivables From Federal Government		\$ 693,840		693,840
Receivables From Other Governments	45,686			45,686
Other Accounts Receivables	61,290	17,898		79,188
Restricted Cash and Cash Equivalents	5,226,468	505,792		5,732,260
<b>Total Assets</b>	<b>\$ 11,984,198</b>	<b>\$ 1,217,530</b>	<b>\$ 1</b>	<b>\$ 13,201,729</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund Payable		\$ 526,151		\$ 526,151
Accounts Payable	\$ 1,394,921	126,927		1,521,848
Payable to Federal Government		32		32
Payable to State Government		25,805		25,805
Unearned Revenue		32,823		32,823
<b>Total Liabilities</b>	<b>1,394,921</b>	<b>711,738</b>		<b>2,106,659</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	3,722,077			3,722,077
Maintenance Reserve	1,219,400			1,219,400
Unemployment Compensation	284,991			284,991
Excess Surplus - 2024-2025	1,034,034			1,034,034
Excess Surplus - 2023-2024	1,034,034			1,034,034
Student Activities		372,889		372,889
Scholarships		132,903		132,903
Debt Service			\$ 1	1
<b>Assigned:</b>				
Designated for Subsequent Year's Expenditures	1,510,943			1,510,943
Other Purposes	506,537			506,537
Unassigned	1,277,261			1,277,261
<b>Total Fund Balances</b>	<b>10,589,277</b>	<b>505,792</b>	<b>1</b>	<b>11,095,070</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,984,198</b>	<b>\$ 1,217,530</b>	<b>\$ 1</b>	<b>\$ 13,201,729</b>

BOROUGH OF MADISON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

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

Total Fund Balances from previous page	\$ 11,095,070
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	53,100,361
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	597,617
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(388,050)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	1,629,095
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(78,163)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,854,864)
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.	(29,998,260)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(665,501)
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:	
Change in Deferred Outflows	1,690,618
Change in Deferred Inflows	(3,276,838)
	\$ 25,851,085
Net Position of Governmental Activities	\$ 25,851,085

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local and Intermediate Sources:				
Local Tax Levy	\$ 44,476,745		\$ 2,082,335	\$ 46,559,080
Tuition from Individuals	133,844			133,844
Tuition from Other LEAs	1,821,152			1,821,152
Transportation Fees from Individuals	3,347			3,347
Rents and Royalties	31,256			31,256
Interest Earned on Maintenance Reserve Funds	17,685			17,685
Interest Earned on Capital Reserve Funds	53,150			53,150
Restricted Miscellaneous Revenue	6,202	\$ 736,447		742,649
Unrestricted Miscellaneous Revenue	305,749	69,115		374,864
PILOT Payments to School District	431,254			431,254
Total - Local and Intermediate Sources	47,280,384	805,562	2,082,335	50,168,281
State Sources	15,213,351	289,627	441,505	15,944,483
Federal Sources	61,191	1,113,339		1,174,530
Total Revenues	62,554,926	2,208,528	2,523,840	67,287,294
EXPENDITURES:				
Current:				
Regular Instruction	16,096,449	504,483		16,600,932
Special Education Instruction	4,003,651			4,003,651
Other Special Instruction	1,063,764			1,063,764
School-Sponsored/Other Instruction	1,220,628			1,220,628
Support Services and Undistributed Costs:				
Tuition	1,892,363	614,424		2,506,787
Student and Other Instruction Related Services	6,562,153	1,050,686		7,612,839
General Administrative Services	1,081,400			1,081,400
School Administrative Services	1,948,133			1,948,133
Central Services	448,890			448,890
Administrative Information Technology	638,544			638,544
Plant Operations and Maintenance	4,667,683			4,667,683
Student Transportation	2,535,122			2,535,122
Unallocated Benefits	19,081,664			19,081,664
Debt Service:				
Principal			1,925,000	1,925,000
Interest and Other Charges			598,841	598,841
Capital Outlay	901,493	18,849		920,342
Total Expenditures	62,141,937	2,188,442	2,523,841	66,854,220
Net Change in Fund Balances	412,989	20,086	(1)	433,074
Fund Balance - July 1	10,176,288	485,706	2	10,661,996
Fund Balance - June 30	\$ 10,589,277	\$ 505,792	\$ 1	\$ 11,095,070

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, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 433,074
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 differ from depreciation in the period.		
Depreciation Expense	\$ (2,354,267)	
Capital Asset Additions	969,644	(1,384,623)
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		(250,311)
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 (+).		
		4,568
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.		
		239,577
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.		
		29,254
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.		
		1,925,000
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.		
		310,502
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.		
		(931,877)
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		(468,045)
Changes in Deferred Outflows		(348,287)
Changes in Deferred Inflows		2,122,575
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 (+).		
		34,582
Change in Net Position of Governmental Activities		\$ 1,715,989

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, 2023

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total
	<u>ASSETS:</u>	
Current Assets:		
Cash and Cash Equivalents	\$ 738,996	\$ 738,996
Intergovernmental Accounts Receivable:		
State	455	455
Federal	8,274	8,274
Inventories	11,984	11,984
Total Current Assets	759,709	759,709
Non-Current Assets:		
Capital Assets	472,118	472,118
Less: Accumulated Depreciation	(279,026)	(279,026)
Total Non-Current Assets	193,092	193,092
Total Assets	952,801	952,801
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	42,646	42,646
Unearned Revenue:		
Donated Commodities	2,367	2,367
Prepaid Sales/Fees	100,070	100,070
Supply Chain Assistance	58,702	58,702
Total Current Liabilities	203,785	203,785
Total Liabilities	203,785	203,785
<u>NET POSITION:</u>		
Investment in Capital Assets	193,092	193,092
Unrestricted	555,924	555,924
Total Net Position	\$ 749,016	\$ 749,016

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, 2023

	<u>Business-Type Activities</u> <u>- Enterprise Funds</u>	
	<u>Total</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u>
Operating Revenue:		
Daily Sales:		
Reimbursable Programs	\$ 408,481	\$ 408,481
Non-Reimbursable Programs	358,482	358,482
Charges for Services:		
Program Fees	149,867	149,867
Total Operating Revenue	<u>916,830</u>	<u>916,830</u>
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs	218,585	218,585
Non-Reimbursable Programs	210,013	210,013
Salaries	394,500	394,500
Employee Benefits	91,448	91,448
Purchased Professional and Technical Services	42,960	42,960
Other Purchased Services	23,316	23,316
Supplies and Materials	36,890	36,890
Miscellaneous Expense	12,259	12,259
Depreciation Expense	29,277	29,277
Total Operating Expenses	<u>1,059,248</u>	<u>1,059,248</u>
Operating Loss	<u>(142,418)</u>	<u>(142,418)</u>
Non-Operating Revenue:		
State Sources:		
State School Lunch Program	9,693	9,693
Federal Sources:		
National School Lunch Program	171,856	171,856
Food Distribution Program	15,352	15,352
Supply Chain Assistance	66,524	66,524
Paycheck Protection Program Reimbursement from FSMC	32,998	32,998
Total Non-Operating Income	<u>296,423</u>	<u>296,423</u>
Change in Net Position Before Other Item	<u>154,005</u>	<u>154,005</u>
Other Item:		
Cancellation of Prior Year's Accounts Payable	486	486
Change in Net Position After Other Item	154,491	154,491
Net Position - Beginning of Year	<u>594,525</u>	<u>594,525</u>
Net Position - End of Year	<u>\$ 749,016</u>	<u>\$ 749,016</u>

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

BOROUGH OF MADISON SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities</u> <u>- Enterprise Funds</u>	
	<u>Total</u>	
	<u>Non-Major</u>	<u>Total</u>
	<u>Funds</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 896,887	\$ 896,887
Payments to Food Service Contractor	(891,825)	(891,825)
Payments to/for Employees	(61,437)	(61,437)
Payments to Suppliers	(81,332)	(81,332)
Net Cash Used for Operating Activities	<u>(137,707)</u>	<u>(137,707)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	<u>(5,520)</u>	<u>(5,520)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(5,520)</u>	<u>(5,520)</u>
Cash Flows from Noncapital Financing Activities:		
State Sources	12,527	12,527
Federal Sources	473,097	473,097
Net Cash Provided by Noncapital Financing Activities	<u>485,624</u>	<u>485,624</u>
Net Increase in Cash and Cash Equivalents	342,397	342,397
Cash and Cash Equivalents, July 1	<u>396,599</u>	<u>396,599</u>
Cash and Cash Equivalents, June 30	<u>\$ 738,996</u>	<u>\$ 738,996</u>
Reconciliation of Operating Loss to		
Net Cash Used for Operating Activities:		
Operating Loss	\$ (142,418)	\$ (142,418)
Adjustment to Reconcile Operating Loss to Net		
Cash Used for Operating Activities:		
Depreciation	29,277	29,277
Food Distribution Program	15,352	15,352
Changes in Assets and Liabilities:		
Decrease in Inventory	1,859	1,859
(Decrease) in Accounts Payable	(17,619)	(17,619)
(Decrease) in Unearned Revenue	(24,158)	(24,158)
Net Cash Used for Operating Activities	<u>\$ (137,707)</u>	<u>\$ (137,707)</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 \$11,136 and utilized U.S.D.A. Commodities valued at \$15,352.

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, 2023

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, 2023

(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, lease assets or subscription 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, 2023

(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, lease asset or subscription 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, 2023 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, 2023  
(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	\$ 62,597,763	\$ 2,421,334
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		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	216,773	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(259,610)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 62,554,926	\$ 2,208,528

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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	\$ 62,141,937	\$ 2,401,248
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		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 62,141,937	\$ 2,188,442

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, 2023  
(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, 2023.

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, 2023  
(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. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. 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.

O. 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, 2023.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

P. Compensated Absences:

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

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

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.

Q. 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.

R. Subscription Payable:

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

T. Fund Balance Appropriated:

General Fund: Of the \$10,589,277 General Fund fund balance at June 30, 2023, \$506,537 is assigned for encumbrances; \$1,510,943 is assigned and included as anticipated revenue for the fiscal year ending June 30, 2024; \$3,722,077 is restricted in the capital reserve account; \$1,219,400 is restricted in the maintenance reserve account; \$284,991 is restricted for unemployment compensation; \$1,034,034 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, 2024; \$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, 2025; and \$1,277,261 is unassigned which is \$259,610 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, 2024.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: Of the \$505,792 Special Revenue Fund fund balance at June 30, 2023, \$372,889 is restricted for student activities and \$132,903 is restricted for scholarships.

Debt Service Fund: The \$1 fund balance in the Debt Service Fund at June 30, 2023 is restricted.

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

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

U. 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, 2023.



BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

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, 2023.

V. Deficit Net Position:

The District has a deficit in unrestricted net position of \$7,592,816 in governmental activities, which is primarily due to 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.

W. 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, 2023 for the deferred amount on refunding of debt related to the District's 2015 and 2021 refunding bonds, and deferred outflows and inflows of resources related to pensions.

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

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

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

X. 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.

Y. 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.

Z. 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.

AA. 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.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

Investments:

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

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

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Investments (Cont'd)

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

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		
	Unrestricted	Restricted	Total
Checking and Savings Accounts	\$ 6,075,721	\$ 5,732,260	\$ 11,807,981

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$11,807,981 and the bank balance was \$12,203,061.

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.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 3,675,599
Increase by: Board Resolution - June 2023	1,039,514
Interest Earned	53,150
Unexpended Balance Returned	23,814
Less: Withdrawal by Board Resolution to Capital Projects Fund	<u>(1,070,000)</u>
Ending Balance, June 30, 2023	<u><u>\$ 3,722,077</u></u>

The balance in the capital reserve account at June 30, 2023 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 1,266,795
Increase by: Board Resolution - June 2023	265,100
Interest Earned	17,685
Unexpended Balance Returned	64,970
Less: Budgeted Withdrawal	(395,150)
Ending Balance, June 30, 2023	\$ 1,219,400

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District transferred \$1,146,798 to the capital outlay accounts. \$76,798 was transferred to equipment which did not require approval from the County Superintendent. The \$1,070,000 transferred to facilities acquisition and construction services was a Board approved withdrawal from Capital Reserve.

NOTE 7: CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 9,072,600			\$ 9,072,600
Total Capital Assets Not Being Depreciated	9,072,600			9,072,600
Capital Assets Being Depreciated:				
Land Improvements	3,572,492	\$ 11,265		3,583,757
Buildings and Building Improvements	67,127,144	618,097		67,745,241
Machinery and Equipment	5,592,754	340,282		5,933,036
Total Capital Assets Being Depreciated	76,292,390	969,644		77,262,034
Governmental Activities Capital Assets	85,364,990	969,644		86,334,634
Less Accumulated Depreciation for:				
Land Improvements	(2,259,505)	(164,578)		(2,424,083)
Buildings and Building Improvements	(24,667,863)	(1,835,635)		(26,503,498)
Machinery and Equipment	(3,952,638)	(354,054)		(4,306,692)
	(30,880,006)	(2,354,267)		(33,234,273)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 54,484,984	\$ (1,384,623)	\$ -0-	\$ 53,100,361
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 466,598	\$ 5,520		\$ 472,118
Less Accumulated Depreciation	(249,749)	(29,277)		(279,026)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 216,849	\$ (23,757)	\$ -0-	\$ 193,092

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 7: CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 933,051
Special Education	227,574
Other Instruction	136,545
Student and Instruction Related Services	413,053
General Administration	91,030
School Administration	113,787
Central Services	22,757
Administrative Information Technology	22,757
Plant Operations and Maintenance	276,586
Pupil Transportation	117,127
	\$ 2,354,267

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 1,251,556			\$ 1,251,556
Total Lease Assets Being Amortized	1,251,556			1,251,556
Governmental Activities Lease Assets	1,251,556			1,251,556
Less Accumulated Amortization for:				
Machinery and Equipment	(403,628)	\$ (250,311)		(653,939)
	(403,628)	(250,311)		(653,939)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 847,928	\$ (250,311)	\$ -0-	\$ 597,617

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 52,906
Administrative Information Technology	197,405
	\$ 250,311



BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2022	Issued/ Accrued	Retired/ Matured	Balance 6/30/2023	Due Within One Year
Serial Bonds Payable	\$ 30,550,000		\$ 1,925,000	\$ 28,625,000	\$ 1,960,000
Unamortized Bond Issuance Premiums	698,552		310,502	388,050	29,850
Net Pension Liability	7,386,819	\$ 468,045		7,854,864	-0-
Leases Payable	847,982		239,577	608,405	248,620
Financed Purchases Payable	91,300		29,254	62,046	30,418
Compensated Absences Payable	737,391	50,179	84,761	702,809	51,463
	<u>\$ 40,312,044</u>	<u>\$ 518,224</u>	<u>\$ 2,589,094</u>	<u>\$ 38,241,174</u>	<u>\$ 2,320,351</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2023 is \$1,960,000 and the long-term portion is \$26,665,000. The Debt Service Fund will be used to liquidate bonds payable.

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 were 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, 2023  
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	09/15/2035	2.875%-4.000%	\$ 5,670,000
School Refunding Bonds	12/15/2035	0.429%-2.360%	22,955,000
			<u>\$ 28,625,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	2,070,000	450,340	2,520,340
2029-2033	11,080,000	1,610,473	12,690,473
2034-2036	7,475,000	302,177	7,777,177
	<u>\$ 28,625,000</u>	<u>\$ 4,467,379</u>	<u>\$ 33,092,379</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023, 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 current and long-term portions. The current portion of the compensated absences balance of the governmental funds is \$51,463 and is separated from the long-term portion of \$651,346. 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, 2023, \$-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, 2023  
(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 current and long-term portions. The current portion of unamortized bond issuance premiums at June 30, 2023 is \$29,850 and the long-term portion is \$358,200.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$7,854,864. 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 \$85,908 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, 2023.

<u>Year</u>	<u>Amount</u>
2024	\$ 32,887
2025	32,887
	<u>65,774</u>
Less: Amount representing interest	<u>(3,728)</u>
Present value of net minimum financed purchases payments	<u>\$ 62,046</u>

The current portion of the financed purchase payable at June 30, 2023 is \$30,418 and the long-term portion is \$31,628. The General Fund will be used to liquidate the financed purchase payable.

G. Leases Payable:

The District had leases outstanding as of June 30, 2023 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%	\$ 401,989
Xerox Copiers	05/01/2022	Monthly	04/01/2027	0.258%	<u>206,416</u>
					<u>\$ 608,405</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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>
2024	\$ 248,620	\$ 21,511
2025	258,006	12,124
2026	54,799	2,381
2027	46,980	670
	<u>\$ 608,405</u>	<u>\$ 36,686</u>

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](http://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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$656,359 for fiscal year 2023.

The employee contribution rate was 7.50% effective July 1, 2018. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$16,527 to the PERS for normal pension benefits on behalf of the District.

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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

At June 30, 2023, the District reported a liability of \$7,854,864 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.052%, which was a decrease of 0.010% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$657,028. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$16,527 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 188,816
	2019	5.21		235,956
	2020	5.16		693,838
	2021	5.13		57,574
	2022	5.04	\$ 24,337	
			<u>24,337</u>	<u>1,176,184</u>
Difference Between Expected and Actual Experience	2018	5.63		7,190
	2019	5.21	18,037	
	2020	5.16	38,656	
	2021	5.13		19,354
	2022	5.04		23,451
			<u>56,693</u>	<u>49,995</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	7,771	
	2020	5.00	233,500	
	2021	5.00	(1,456,425)	
	2022	5.00	1,540,260	
			<u>325,106</u>	

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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)

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Proportion	2018	5.63		\$ 82,458
	2019	5.21	\$ 618,981	
	2020	5.16		235,976
	2021	5.13		160,918
	2022	5.04		1,571,307
			<u>618,981</u>	<u>2,050,659</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	<u>665,501</u>	
			<u>\$ 1,690,618</u>	<u>\$ 3,276,838</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (794,284)
2024	(785,440)
2025	(625,236)
2026	(30,407)
2027	(16,354)
	<u>\$ (2,251,721)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%



BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 10,091,199	\$ 7,854,864	\$ 5,951,653

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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

BOROUGH OF MADISON SCHOOL DISTRICT  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

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 2023, the State of New Jersey contributed \$7,877,195 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,668,563.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$99,155,933. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.192%, which was a decrease of 0.004% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	99,155,933
Total	\$ 99,155,933

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$2,668,563 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$19,563,805,393</u>

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023  
(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, 2022 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, 2022		
	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	\$ 116,262,439	\$ 99,155,933	\$ 84,745,852

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 \$11,937 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$7,353 for the fiscal year ended June 30, 2023.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817



BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2021	\$ 96,703,419
Changes for Year:	
Service Cost	4,759,779
Interest on the Total OPEB Liability	2,154,302
Difference between Actual and Expected Experience	1,546,027
Changes of Assumptions	(21,807,049)
Contributions from Members	68,457
Gross Benefit Payments by the State	<u>(2,133,900)</u>
Net Changes	<u>(15,412,384)</u>
Balance at June 30, 2022	<u>\$ 81,291,035</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, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 95,549,061	\$ 81,291,035	\$ 69,863,940

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 67,192,009	\$ 81,291,035	\$ 99,810,962

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$2,887,668 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, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the sources on the following page.

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 4,220,717
	2018	9.51		4,027,765
	2019	9.29	\$ 568,659	
	2020	9.24	13,426,305	
	2021	9.24	74,456	
	2022	9.13		19,418,545
			<u>14,069,420</u>	<u>27,667,027</u>
Differences between Expected and Actual Experience	2018	9.51		3,807,492
	2019	9.29		6,693,155
	2020	9.24	12,513,843	
	2021	9.24		14,318,446
	2022	9.13	1,999,831	
			<u>14,513,674</u>	<u>24,819,093</u>
Changes in Proportion	N/A	N/A	1,649,091	1,557,214
			<u>\$ 30,232,185</u>	<u>\$ 54,043,334</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
2023	\$ (4,040,201)
2024	(4,040,200)
2025	(4,040,200)
2026	(3,491,746)
2027	(1,996,627)
Thereafter	(6,294,052)
	<u>\$ (23,903,026)</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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.

The June 30, 2023 audit reports are not available as of the date of this report. 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>

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, 2023  
(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>
2022-2023	\$ 5,357	\$ 94,532	\$ 93,687	\$ 284,991
2021-2022	628	120,535	85,721	278,789
2020-2021	1,168	138,329	102,386	243,347

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, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 526,151	
Special Revenue Fund		\$ 526,151
	<u>\$ 526,151</u>	<u>\$ 526,151</u>

The General Fund interfund receivable due from the Special Revenue Fund represents an interfund loan at June 30, 2023 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, 2023  
(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, 2023:

	<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	\$ 58,685	\$ 24,575	\$ 665,501	\$ 748,761	
Vendors	1,237,796	102,352		1,340,148	\$ 42,646
Payroll Deductions and Withholdings	98,440			98,440	
	<u>\$ 1,394,921</u>	<u>\$ 126,927</u>	<u>\$ 665,501</u>	<u>\$ 2,187,349</u>	<u>\$ 42,646</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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, 2023, 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
\$ 506,537	\$ 258,428	\$ 764,965

On the District’s Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$258,428 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, 2023  
(Continued)

NOTE 19. TAX ABATEMENTS (Cont'd)

The Borough recognized revenue in the amount of \$607,310 from four payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatements would have been \$1,739,272, of which \$1,090,644 would have been for the local school tax. As of June 30, 2023, the District recognized \$431,254 of PILOT payment revenue from the Borough.

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0471325568%	0.0516996112%	0.0529656198%	0.0575685356%	0.0543014510%	0.0660675860%	0.0635637166%	0.0623544431%	0.0520486919%
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	\$ 7,854,864
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	\$ 3,710,750
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%	211.68%
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%	62.91%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 388,554	\$ 444,478	\$ 470,539	\$ 540,368	\$ 562,387	\$ 668,462	\$ 697,146	\$ 730,243	\$ 656,359
Contributions in relation to the contractually required contribution	(388,554)	(444,478)	(470,539)	(540,368)	(562,387)	(668,462)	(697,146)	(730,243)	(656,359)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 3,914,567
Contributions as a percentage of covered employee payroll	10.82%	11.48%	12.22%	13.47%	12.42%	15.36%	17.36%	19.68%	16.77%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
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%	0.1921834593%	
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	\$ 99,155,933	
District's covered employees 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	\$ 23,386,058	
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%	424.00%	
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%	32.29%	

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
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	\$ 2,668,563	
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)	(7,877,815)	
Contribution deficiency/(excess)	\$ 4,294,692	\$ 5,546,591	\$ 9,183,745	\$ 6,044,382	\$ 3,351,330	\$ 2,712,197	\$ 2,191,515	\$ (5,689,310)	\$ (5,209,252)	
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	\$ 23,983,200	
Contributions as a percentage of covered employee payroll	5.16%	7.68%	10.32%	14.12%	17.73%	20.28%	26.14%	33.83%	32.85%	

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 SIX FISCAL YEARS

	Fiscal Year Ending					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 4,020,436	\$ 3,332,759	\$ 2,893,665	\$ 3,180,040	\$ 5,696,959	\$ 4,759,779
Interest Cost	2,729,412	3,171,406	2,913,734	2,434,550	2,508,589	2,154,302
Change in Benefit Terms					(102,929)	
Difference between Actual and Expected Experience		(8,991,572)	(10,912,475)	17,282,921	(17,684,973)	1,546,027
Changes in Assumptions	(11,337,090)	(8,421,777)	1,003,197	19,746,576	95,405	(21,807,049)
Member Contributions	73,513	67,824	61,224	57,043	64,132	68,457
Gross Benefit Payments	(1,996,412)	(1,962,401)	(2,065,392)	(1,881,972)	(1,976,065)	(2,133,900)
Net Change in Total OPEB Liability	(6,510,141)	(12,803,761)	(6,106,047)	40,819,158	(11,398,882)	(15,412,384)
Total OPEB Liability - Beginning	92,703,092	86,192,951	73,389,190	67,283,143	108,102,301	96,703,419
Total OPEB Liability - Ending	<u>\$ 86,192,951</u>	<u>\$ 73,389,190</u>	<u>\$ 67,283,143</u>	<u>\$ 108,102,301</u>	<u>\$ 96,703,419</u>	<u>\$ 81,291,035</u>
District's Covered Employee Payroll *	\$ 23,715,564	\$ 23,837,765	\$ 24,053,567	\$ 25,807,406	\$ 25,220,494	\$ 25,864,656
Total OPEB Liability as a Percentage of Covered Employee Payroll	363%	308%	280%	419%	383%	314%

\* - Covered payroll for the fiscal years ending June 30, 2017 through 2022 are based on the payroll on the June 30, 2016 through 2021 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, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.



BOROUGH OF MADISON SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

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 15.23% 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.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 44,476,745		\$ 44,476,745	\$ 44,476,745	
Tuition From Individuals	115,874		115,874	133,844	\$ 17,970
Tuition From Other LEAs Within the State	1,971,328		1,971,328	1,821,152	(150,176)
Transportation Fees From Individuals	10,000		10,000	3,347	(6,653)
Rents and Royalties	50,000		50,000	31,256	(18,744)
Unrestricted Miscellaneous Revenues	229,584		229,584	305,749	76,165
Interest Earned on Maintenance Reserve	2,000		2,000	17,685	15,685
Interest Earned on Capital Reserve Funds	3,000		3,000	53,150	50,150
Other Restricted Miscellaneous Revenues				6,202	6,202
Total Revenues from Local Sources	<u>46,858,531</u>		<u>46,858,531</u>	<u>46,849,130</u>	<u>(9,401)</u>
Revenues from Intermediate Sources:					
PILOT Payments to School District	215,000		215,000	431,254	216,254
Total Revenues from Intermediate Sources	<u>215,000</u>		<u>215,000</u>	<u>431,254</u>	<u>216,254</u>
Revenues from State Sources:					
Categorical Transportation Aid	255,898		255,898	255,898	
Extraordinary Aid	200,000		200,000	724,848	524,848
Categorical Special Education Aid	2,193,412		2,193,412	2,193,412	
Categorical Security Aid	205,379		205,379	205,379	
Excess Nonpublic Transportation Costs	50,000		50,000	55,605	5,605
TPAF Post Retirement Contributions (Non-Budgeted)				2,098,195	2,098,195
TPAF Pension Contributions (Non-Budgeted)				7,877,815	7,877,815
TPAF Non-Contributory Insurance (Non-Budgeted)				109,296	109,296
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,486	3,486
Reimbursed TPAF Social Security Contributions				1,732,254	1,732,254
Total Revenues from State Sources	<u>2,904,689</u>		<u>2,904,689</u>	<u>15,256,188</u>	<u>12,351,499</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 33,849		\$ 33,849	\$ 9,442	\$ (24,407)
FEMA Reimbursements	33,849		33,849	51,749	51,749
Total Revenues from Federal Sources				61,191	27,342
<b>TOTAL REVENUE</b>	<b>50,012,069</b>		<b>50,012,069</b>	<b>62,597,763</b>	<b>12,585,694</b>
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	560,778	\$ 32,185	592,963	540,336	52,627
Grades 1-5 - Salaries of Teachers	4,553,478	79,627	4,633,105	4,607,024	26,081
Grades 6-8 - Salaries of Teachers	3,177,813	(7,217)	3,170,596	3,153,945	16,651
Grades 9-12 - Salaries of Teachers	5,312,485	(136,409)	5,176,076	5,172,880	3,196
Regular Programs - Home Instruction:					
Salaries of Teachers	40,325		40,325	30,303	10,022
Purchased Professional - Educational Services	100,000		100,000	66,414	33,586
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	1,712,300	13,154	1,725,454	1,638,812	86,642
Other Purchased Services (400-500 series)	197,229	3,628	200,857	173,215	27,642
General Supplies	637,785	(8,491)	629,294	609,002	20,292
Textbooks	167,850	(20,380)	147,470	99,428	48,042
Other Objects	6,858		6,858	5,090	1,768
Total Regular Programs - Instruction	16,466,901	(43,903)	16,422,998	16,096,449	326,549
Learning and/or Language Disabilities:					
Salaries of Teachers	226,469	(1,283)	225,186	225,186	
General Supplies	20,044	(261)	19,783	19,783	
Total Learning and/or Language Disabilities	246,513	(1,544)	244,969	244,969	
Behavioral Disabilities:					
Salaries of Teachers	250,190	(25,952)	224,238	223,395	843
Total Behavioral Disabilities	250,190	(25,952)	224,238	223,395	843

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,972,304	\$ 71,660	\$ 3,043,964	\$ 3,043,964	
General Supplies	13,520	(1,056)	12,464	12,464	
Textbooks	1,500	(7)	1,493	1,493	
Total Resource Room/Resource Center	2,987,324	70,597	3,057,921	3,057,921	
Autism:					
Salaries of Teachers	212,449	(26,445)	186,004	186,004	
Other Salaries for Instruction		28,384	28,384	28,384	
Purchased Professional-Educational Services	3,500		3,500	3,500	
General Supplies	10,000		10,000	10,000	
Total Autism	225,949	1,939	227,888	227,888	
Preschool Disabilities - Part-Time:					
General Supplies	3,500	51	3,551	3,551	
Total Preschool Disabilities - Part-Time	3,500	51	3,551	3,551	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	285,325	(39,040)	246,285	245,927	\$ 358
Total Preschool Disabilities - Full-Time	285,325	(39,040)	246,285	245,927	358
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,998,801	6,051	4,004,852	4,003,651	1,201
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	678,669	(23,236)	655,433	651,501	3,932
Total Basic Skills/Remedial - Instruction	678,669	(23,236)	655,433	651,501	3,932
Bilingual Education - Instruction:					
Salaries of Teachers	410,967	17,185	428,152	412,263	15,889
Total Bilingual Education - Instruction	410,967	17,185	428,152	412,263	15,889

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 275,535	\$ 15,566	\$ 291,101	\$ 284,779	\$ 6,322
Purchased Services (300-500 series)	15,000		15,000	14,861	139
Supplies and Materials	20,450		20,450	17,233	3,217
<b>Total School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.</b>	<b>310,985</b>	<b>15,566</b>	<b>326,551</b>	<b>316,873</b>	<b>9,678</b>
School-Sponsored Athletics - Instruction:					
Salaries	663,774	(2,005)	661,769	644,565	17,204
Purchased Services (300-500 series)	187,308	(25,000)	162,308	154,913	7,395
Supplies and Materials	71,794	25,000	96,794	96,238	556
Other Objects	9,000		9,000	8,039	961
<b>Total School-Sponsored Athletics - Instruction</b>	<b>931,876</b>	<b>(2,005)</b>	<b>929,871</b>	<b>903,755</b>	<b>26,116</b>
<b>TOTAL INSTRUCTION</b>	<b>22,798,199</b>	<b>(30,342)</b>	<b>22,767,857</b>	<b>22,384,492</b>	<b>383,365</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	293,162	(9,800)	283,362	106,985	176,377
Tuition to County Voc. School Dist. - Regular	315,179	(8,012)	307,167	240,895	66,272
Tuition to County Voc. School Dist. - Special	5,250	8,012	13,262	13,262	
Tuition to Priv. Sch. for the Handicap. Within the State	2,362,793	(444,013)	1,918,780	1,531,221	387,559
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,976,384</b>	<b>(453,813)</b>	<b>2,522,571</b>	<b>1,892,363</b>	<b>630,208</b>
Undistributed Expenditures - Health Services:					
Salaries	491,942	(20,941)	471,001	456,303	14,698
Purchased Professional and Technical Services	10,500		10,500	9,401	1,099
Supplies and Materials	5,974	3,512	9,486	9,107	379
<b>Total Undistributed Expenditures - Health Services</b>	<b>508,416</b>	<b>(17,429)</b>	<b>490,987</b>	<b>474,811</b>	<b>16,176</b>
Undistributed Expenditures - Speech, OT, PT, Related Serv.:					
Salaries	687,260	17,918	705,178	705,178	
Purchased Professional - Educational Services	596,000	(29,749)	566,251	534,273	31,978
Supplies and Materials	12,000		12,000	11,992	8
<b>Total Undistributed Expenditures - Speech, OT, PT, Related Serv.</b>	<b>1,295,260</b>	<b>(11,831)</b>	<b>1,283,429</b>	<b>1,251,443</b>	<b>31,986</b>

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 775,206	\$ (72,329)	\$ 702,877	\$ 675,770	\$ 27,107
Purchased Professional - Educational Services	113,277	97,899	211,176	205,222	5,954
Total Undistributed Expenditures. - Other Supp. Serv. Students - Extra. Serv.	888,483	25,570	914,053	880,992	33,061
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	763,043	(548)	762,495	761,159	1,336
Salaries of Secretarial and Clerical Assistants	88,033	247	88,280	88,280	
Other Purchased Services (400-500 series)	2,500	(2,500)			
Supplies and Materials	1,400	2,500	3,900	3,680	220
Other Objects	3,645		3,645	3,584	61
Total Undistributed Expenditures - Guidance	858,621	(301)	858,320	856,703	1,617
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	1,425,407	122,833	1,548,240	1,548,240	
Salaries of Secretarial and Clerical Assistants	68,989	(809)	68,180	68,180	
Other Purchased Professional and Technical Services	139,001	(10,523)	128,478	123,610	4,868
Other Purchased Services (400-500 series)	3,200		3,200	147	3,053
Supplies and Materials	25,000		25,000	24,701	299
Other Objects	7,000		7,000	6,177	823
Total Undistributed Expenditures - Child Study Team	1,668,597	111,501	1,780,098	1,771,055	9,043
Undistributed Expenditures - Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	597,158	88,094	685,252	626,847	58,405
Other Salaries		3,150	3,150	3,150	
Other Purchased Services (400-500 series)	2,400		2,400	867	1,533
Supplies and Materials	195,457	8,000	203,457	193,628	9,829
Other Objects	39,129		39,129	38,220	909
Total Undistributed Expenditures - Improv. of Inst. Serv.	834,144	99,244	933,388	862,712	70,676

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	\$ 274,009	\$ 3,546	\$ 277,555	\$ 277,231	\$ 324
Salaries of Technology Coordinators	135,802		135,802	135,802	
Other Purchased Services (400-500 series)	2,500		2,500	2,500	
Supplies and Materials	61,718		61,718	48,904	12,814
Total Undistributed Expenditures - Edu. Media Serv./Sch. Library	474,029	3,546	477,575	464,437	13,138
Undistributed Expenditures - Support Serv. - Gen. Admin.:					
Salaries	713,825	(133,619)	580,206	548,940	31,266
Legal Services	224,585		224,585	114,714	109,871
Audit Fees	50,800		50,800	49,585	1,215
Architectural/Engineering Services	177,275	(57,180)	120,095	51,460	68,635
Other Purchased Professional Services	32,467	(1)	32,466	25,780	6,686
Communications/Telephone	195,000	(26,262)	168,738	135,233	33,505
BOE Other Purchased Services	3,000		3,000	2,843	157
Other Purchased Services (400-500 series other than 530 & 585)	28,084		28,084	14,567	13,517
General Supplies	6,000		6,000	5,454	546
Miscellaneous Expenditures	118,627		118,627	114,530	4,097
BOE Membership Dues and Fees	18,500		18,500	18,294	206
Total Undistributed Expenditures - Support Serv. - Gen. Admin.	1,568,163	(217,062)	1,351,101	1,081,400	269,701
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,360,840	35,156	1,395,996	1,395,996	
Salaries of Secretarial and Clerical Assistants	493,775	(13,136)	480,639	480,639	
Other Purchased Services (400-500 series)	16,615	(735)	15,880	15,880	
Supplies and Materials	56,998	(1,380)	55,618	55,618	
Total Undistributed Expenditures - Support Serv. - School Adm.	1,928,228	19,905	1,948,133	1,948,133	
Undistributed Expenditures - Central Services:					
Salaries	454,241	(7,470)	446,771	419,981	26,790
Miscellaneous Purchased Services (400-500 series other than 594)	30,490		30,490	28,270	2,220



BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services: (Cont'd)					
Supplies and Materials	\$ 3,000	\$	\$ 3,000	\$ 620	\$ 2,380
Other Objects	1,500		1,500	19	1,481
Total Undistributed Expenditures - Central Services	489,231	\$ (7,470)	481,761	448,890	32,871
Undistributed Expenditures - Admin. Info. Technology:					
Salaries	208,155	1,025	209,180	209,180	
Purchased Technical Services	366,585	76,105	442,690	419,764	22,926
Other Purchased Services (400-500 series)	9,600		9,600	9,600	
Total Undistributed Expenditures - Admin. Info. Technology	584,340	77,130	661,470	638,544	22,926
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	362,322	(25,000)	337,322	332,293	5,029
Cleaning, Repair, and Maintenance Services	782,769	345,666	1,128,435	1,038,904	89,531
General Supplies	94,601	5,000	99,601	98,004	1,597
Other Objects	5,143		5,143	5,143	
Total Undistributed Expenditures - Required Maint. for School Facilities	1,244,835	325,666	1,570,501	1,474,344	96,157
Undistributed Expenditures - Custodial Services:					
Salaries	1,369,348	70,413	1,439,761	1,435,760	4,001
Purchased Professional and Technical Services	13,550		13,550	7,263	6,287
Other Purchased Property Services	97,888	(8,192)	89,696	84,233	5,463
Insurance	325,837	(10,774)	315,063	314,256	807
Miscellaneous Purchased Services		10,774	10,774	10,774	
General Supplies	179,028	(14,194)	164,834	146,551	18,283
Energy (Natural Gas)	212,000	2,028	214,028	214,028	
Energy (Electricity)	400,000	28,549	428,549	418,638	9,911
Other Objects	22,400	6,694	29,094	29,094	
Total Undistributed Expenditures - Custodial Services	2,620,051	85,298	2,705,349	2,660,597	44,752

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 155,372	\$ 3,493	\$ 158,865	\$ 158,665	\$ 200
Cleaning, Repair, and Maintenance Services	298,110	(5,758)	292,352	278,825	13,527
General Supplies	11,870		11,870	10,062	1,808
Total Care And Upkeep Of Grounds	465,352	(2,265)	463,087	447,552	15,535
Security:					
Salaries	103,000	(103,000)			
Purchased Professional and Technical Services		85,190	85,190	85,190	
Total Security	103,000	(17,810)	85,190	85,190	
Total Undistributed Expenditures - Oper. and Maint. of Plant Serv.	4,433,238	390,889	4,824,127	4,667,683	156,444
Undistributed Expenditures - Student Transportation Serv.:					
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	40,000	20,126	60,126	60,126	
Cleaning, Repair, and Maint. Services	29,499		29,499	19,706	9,793
Contract. Serv. - Aid in Lieu of Payments - Nonpublic Students	138,000		138,000	135,206	2,794
Contract. Serv. (Bet. Home & Sch.) - Vendors	546,308	56,885	603,193	572,963	30,230
Contract. Serv. (Oth. than Bet. Home & Sch.) - Vendors	80,000	90,834	170,834	170,834	
Contract. Serv. (Spl. Ed. Students) - Vendors	1,282,789	298,469	1,581,258	1,553,851	27,407
Transportation Supplies	16,537	12,500	29,037	22,436	6,601
Total Undistributed Expenditures - Student Transportation Serv.	2,133,133	478,814	2,611,947	2,535,122	76,825
UNALLOCATED BENEFITS					
Social Security Contributions	500,000		500,000	498,240	1,760
Other Retirement Contributions - PERS	700,000	(263)	699,737	656,359	43,378
Other Retirement Contributions - Regular	12,800	8,721	21,521	11,937	9,584
Unemployment Compensation		22,998	22,998		22,998
Workers Compensation	300,000	(35,045)	264,955	137,031	127,924
Health Benefits	6,042,027	(149,999)	5,892,028	5,770,266	121,762
Tuition Reimbursement	129,050		129,050	121,380	7,670
Other Employee Benefits	153,000		153,000	65,405	87,595
TOTAL UNALLOCATED BENEFITS	7,836,877	(153,588)	7,683,289	7,260,618	422,671

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)				\$ 2,098,195	\$ (2,098,195)
TPAF Pension Contributions (Non-Budgeted)				7,877,815	(7,877,815)
TPAF Non-Contributory Insurance (Non-Budgeted)				109,296	(109,296)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,486	(3,486)
Reimbursed TPAF Social Security Contributions				1,732,254	(1,732,254)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>				<u>11,821,046</u>	<u>(11,821,046)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	\$ 7,836,877	\$ (153,588)	\$ 7,683,289	19,081,664	(11,398,375)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>28,477,144</u>	<u>345,105</u>	<u>28,822,249</u>	<u>38,855,952</u>	<u>(10,033,703)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>51,275,343</u>	<u>314,763</u>	<u>51,590,106</u>	<u>61,240,444</u>	<u>(9,650,338)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
School-Sponsored and Other Instructional Programs	17,110		17,110	17,110	
Undistributed Expenditures - Admin. Info. Technology		27,314	27,314	23,932	3,382
Undist. Expend. - Care and Upkeep of Grounds		49,484	49,484	49,484	
School Buses - Regular	231,331		231,331	231,331	
Total Equipment	<u>248,441</u>	<u>76,798</u>	<u>325,239</u>	<u>321,857</u>	<u>3,382</u>
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		88,242	88,242	64,428	23,814
Construction Services	3,589	981,758	981,758	511,619	470,139
Assessment for Debt Service on SDA Funding				3,589	
Total Facilities Acquisition and Construction Serv.	<u>3,589</u>	<u>1,070,000</u>	<u>1,073,589</u>	<u>579,636</u>	<u>493,953</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>252,030</u>	<u>1,146,798</u>	<u>1,398,828</u>	<u>901,493</u>	<u>497,335</u>
Transfer of Funds to Charter Schools	61,411	3,589	65,000		65,000

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 51,588,784	\$ 1,465,150	\$ 53,053,934	\$ 62,141,937	\$ (9,088,003)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,576,715)	(1,465,150)	(3,041,865)	455,826	3,497,691
Fund Balance, July 1	10,393,061		10,393,061	10,393,061	
Fund Balance, June 30	<u>8,816,346</u>	<u>(1,465,150)</u>	<u>7,351,196</u>	<u>10,848,887</u>	<u>3,497,691</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 1,034,034	
Excess Surplus - Restricted For 2024-2025				1,034,034	
Excess Surplus - Restricted For 2023-2024				3,722,077	
Capital Reserve				1,219,400	
Maintenance Reserve				284,991	
Unemployment Compensation				506,537	
Assigned Fund Balance:				1,510,943	
Year End Encumbrances				1,536,871	
Designated for Subsequent Year's Expenditures				<u>10,848,887</u>	
Unassigned Fund Balance				<u>(259,610)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>\$ 10,589,277</u>	
Fund Balance per Governmental Funds (GAAP)					

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 892,599	\$ 892,599	\$ 777,076	\$ (115,523)
State Sources	\$ 223,847	126,655	350,502	273,494	(77,008)
Federal Sources	624,486	955,517	1,580,003	1,370,764	(209,239)
Total Revenues	<u>848,333</u>	<u>1,974,771</u>	<u>2,823,104</u>	<u>2,421,334</u>	<u>(401,770)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		265,457	265,457	192,301	73,156
Purchased Professional and Technical Services	149,334	88,256	237,590	207,524	30,066
Tuition	519,341	96,497	615,838	614,424	1,414
General Supplies	8,500	162,850	171,350	36,770	134,580
Textbooks	19,029	5,193	24,222	23,269	953
Total Instruction	<u>696,204</u>	<u>618,253</u>	<u>1,314,457</u>	<u>1,074,288</u>	<u>240,169</u>
Support Services:					
Other Salaries	96,645	(27,413)	69,232	51,104	18,128
Personal Services - Employee Benefits		99,504	99,504	20,356	79,148
Purchased Professional and Technical Services		90,025	90,025	89,914	111
Other Purchased Services		161,930	161,930	99,569	62,361
Supplies and Materials	55,484	19,751	75,235	73,382	1,853
Student Activities		722,447	722,447	702,361	20,086
Scholarships Awarded		14,000	14,000	14,000	
Total Support Services	<u>152,129</u>	<u>1,080,244</u>	<u>1,232,373</u>	<u>1,050,686</u>	<u>181,687</u>
Facilities Acquisition:					
Instructional Equipment		276,274	276,274	276,274	
Total Facilities Acquisition		<u>276,274</u>	<u>276,274</u>	<u>276,274</u>	
Total Expenditures	<u>\$ 848,333</u>	<u>\$ 1,974,771</u>	<u>\$ 2,823,104</u>	<u>\$ 2,401,248</u>	<u>\$ 421,856</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,086</u>	<u>\$ 20,086</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 62,597,763	\$ 2,421,334
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		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	216,773	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(259,610)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 62,554,926	\$ 2,208,528
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 62,141,937	\$ 2,401,248
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		56,907
Cancellation of Prior Year Encumbrances		(11,285)
Current Year Encumbrances		(258,428)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 62,141,937	\$ 2,188,442

BOROUGH OF MADISON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023 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, 2023

	Elementary and Secondary Education Act				CRRSA	
	Title I	Title IIA	Title III	Title IV	ESSER II	Learning Accelerated
<b>REVENUES:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 82,969	\$ 46,549	\$ 15,125	\$ 12,448	\$ 30,681	\$ 25,000
Total Revenues	<u>82,969</u>	<u>46,549</u>	<u>15,125</u>	<u>12,448</u>	<u>30,681</u>	<u>25,000</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	35,000				30,681	22,000
Purchased Professional and Technical Services						
Tuition						
General Supplies	6,165		5,825			3,000
Textbooks						
Total Instruction	<u>41,165</u>		<u>5,825</u>		<u>30,681</u>	<u>25,000</u>
Support Services:						
Other Salaries	41,804		9,300			
Personal Services - Employee Benefits						
Purchased Professional and Technical Services		2,200		12,448		
Other Purchased Services		44,349				
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services	<u>41,804</u>	<u>46,549</u>	<u>9,300</u>	<u>12,448</u>		
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	<u>\$ 82,969</u>	<u>\$ 46,549</u>	<u>\$ 15,125</u>	<u>\$ 12,448</u>	<u>\$ 30,681</u>	<u>\$ 25,000</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ARP		I.D.E.A.			
	ESSER III	Learning Accelerated	FY23	Basic		
				FY22	FY22 - ARP	
					Preschool FY23	
<b>REVENUES:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 316,237	\$ 152,065	\$ 614,244	\$ 3,304	\$ 599	\$ 23,338
Total Revenues	316,237	152,065	614,244	3,304	599	23,338
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	38,456	96,845				
Purchased Professional and Technical Services			566,219			
Tuition						
General Supplies						
Textbooks						
Total Instruction	38,456	96,845	566,219			
Support Services:						
Other Salaries	20,356					
Personal Services - Employee Benefits			48,025	3,304	599	23,338
Purchased Professional and Technical Services						
Other Purchased Services		55,220				
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services	20,356	55,220	48,025	3,304	599	23,338
Facilities Acquisition:						
Instructional Equipment	257,425					
Total Facilities Acquisition	257,425					
Total Expenditures	\$ 316,237	\$ 152,065	\$ 614,244	\$ 3,304	\$ 599	\$ 23,338

BOROUGH OF MADISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ACRS	Local Donations	Examination & Classification	Nonpublic		
				Handicapped Services	Supplementary Instruction	Auxiliary Svcs
			Corrective Speech		Compensatory Education	
<b>REVENUES:</b>						
Local Sources		\$ 40,629				
State Sources			\$ 35,837	\$ 16,740	\$ 30,975	\$ 38,346
Federal Sources	\$ 48,205					
<b>Total Revenues</b>	<b>48,205</b>	<b>40,629</b>	<b>35,837</b>	<b>16,740</b>	<b>30,975</b>	<b>38,346</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services			35,837	16,740	30,975	38,346
Tuition	48,205	21,780				
General Supplies						
Textbooks						
<b>Total Instruction</b>	<b>48,205</b>	<b>21,780</b>	<b>35,837</b>	<b>16,740</b>	<b>30,975</b>	<b>38,346</b>
Support Services:						
Other Salaries						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Scholarships Awarded						
<b>Total Support Services</b>						
Facilities Acquisition:						
Instructional Equipment		18,849				
<b>Total Facilities Acquisition</b>		<b>18,849</b>				
<b>Total Expenditures</b>	<b>\$ 48,205</b>	<b>\$ 40,629</b>	<b>\$ 35,837</b>	<b>\$ 16,740</b>	<b>\$ 30,975</b>	<b>\$ 38,346</b>

BOROUGH OF MADISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Student Activities	Nonpublic						Totals
		Scholarship	Textbooks	Nursing	Technology Initiative	Security Aid		
<b>REVENUES:</b>								
Local Sources	\$ 728,766	\$ 7,681					\$ 777,076	
State Sources			\$ 23,269	\$ 39,949	\$ 14,996	\$ 73,382	273,494	
Federal Sources							1,370,764	
Total Revenues	728,766	7,681	23,269	39,949	14,996	73,382	2,421,334	
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers							192,301	
Purchased Professional and Technical Services				39,949	14,996		207,524	
Tuition							614,424	
General Supplies							36,770	
Textbooks			23,269				23,269	
Total Instruction			23,269	39,949	14,996		1,074,288	
Support Services:								
Other Salaries							51,104	
Personal Services - Employee Benefits							20,356	
Purchased Professional and Technical Services							89,914	
Other Purchased Services							99,569	
Supplies and Materials						73,382	73,382	
Student Activities	702,361						702,361	
Scholarships Awarded		14,000					14,000	
Total Support Services	702,361	14,000				73,382	1,050,686	
Facilities Acquisition:								
Instructional Equipment							276,274	
Total Facilities Acquisition							276,274	
Total Expenditures	\$ 702,361	\$ 14,000	\$ 23,269	\$ 39,949	\$ 14,996	\$ 73,382	\$ 2,401,248	

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

BOROUGH OF MADISON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2023

	Non-Major Funds			Total
	Food Service	Summer Program	Integrated Preschool	
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 457,302	\$ 186,444	\$ 95,250	\$ 738,996
Intergovernmental Accounts Receivable:				
State	455			455
Federal	8,274			8,274
Inventories	11,984			11,984
Total Current Assets	<u>478,015</u>	<u>186,444</u>	<u>95,250</u>	<u>759,709</u>
Non-Current Assets:				
Capital Assets	472,118			472,118
Less: Accumulated Depreciation	<u>(279,026)</u>			<u>(279,026)</u>
Total Non-Current Assets	<u>193,092</u>			<u>193,092</u>
Total Assets	<u>671,107</u>	<u>186,444</u>	<u>95,250</u>	<u>952,801</u>
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	42,646			42,646
Unearned Revenue:				
Donated Commodities	2,367			2,367
Prepaid Sales/Fees	9,035	82,535	8,500	100,070
Supply Chain Assistance	58,702			58,702
Total Current Liabilities	<u>112,750</u>	<u>82,535</u>	<u>8,500</u>	<u>203,785</u>
Total Liabilities	<u>112,750</u>	<u>82,535</u>	<u>8,500</u>	<u>203,785</u>
<u>NET POSITION:</u>				
Investment in Capital Assets	193,092			193,092
Unrestricted	<u>365,265</u>	<u>103,909</u>	<u>86,750</u>	<u>555,924</u>
Total Net Position	<u>\$ 558,357</u>	<u>\$ 103,909</u>	<u>\$ 86,750</u>	<u>\$ 749,016</u>



BOROUGH OF MADISON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Non-Major Funds			Total
	Food Service	Summer Program	Integrated Preschool	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 408,481			\$ 408,481
Non-Reimbursable Programs	358,482			358,482
Charges for Services:				
Program Fees		\$ 126,567	\$ 23,300	149,867
Total Operating Revenue	766,963	126,567	23,300	916,830
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	218,585			218,585
Non-Reimbursable Programs	210,013			210,013
Salaries	261,829	132,671		394,500
Employee Benefits	91,448			91,448
Purchased Professional and Technical Services	42,960			42,960
Other Purchased Services	23,316			23,316
Supplies and Materials	36,890			36,890
Miscellaneous Expense	12,259			12,259
Depreciation Expense	29,277			29,277
Total Operating Expenses	926,577	132,671		1,059,248
Operating Income/(Loss)	(159,614)	(6,104)	23,300	(142,418)
Non-Operating Revenue:				
State Sources:				
State School Lunch Program	9,693			9,693
Federal Sources:				
National School Lunch Program	171,856			171,856
Food Distribution Program	15,352			15,352
Supply Chain Assistance	66,524			66,524
Paycheck Protection Program Reimbursement from FSMC	32,998			32,998
Total Non-Operating Income	296,423			296,423
Change in Net Position Before Other Item	136,809	(6,104)	23,300	154,005
Other Item:				
Cancellation of Prior Year's Accounts Payable	486			486
Change in Net Position After Other Item	137,295	(6,104)	23,300	154,491
Net Position - Beginning of Year	421,062	110,013	63,450	594,525
Net Position - End of Year	\$ 558,357	\$ 103,909	\$ 86,750	\$ 749,016

BOROUGH OF MADISON SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Non-Major Funds			Total
	Food Service	Summer Program	Integrated Preschool	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 759,563	\$ 110,724	\$ 26,600	\$ 896,887
Payments to Food Service Contractor	(891,825)			(891,825)
Payments to/for Employees		(61,437)		(61,437)
Payments to Suppliers	(10,098)	(71,234)		(81,332)
Net Cash Provided by/(Used for) Operating Activities	(142,360)	(21,947)	26,600	(137,707)
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(5,520)			(5,520)
Net Cash Used for Capital and Related Financing Activities	(5,520)			(5,520)
Cash Flows from Noncapital Financing Activities:				
State Sources	12,527			12,527
Federal Sources	473,097			473,097
Net Cash Provided by Noncapital Financing Activities	485,624			485,624
Net Increase/(Decrease) in Cash and Cash Equivalents	337,744	(21,947)	26,600	342,397
Cash and Cash Equivalents, July 1	119,558	208,391	68,650	396,599
Cash and Cash Equivalents, June 30	<u>\$ 457,302</u>	<u>\$ 186,444</u>	<u>\$ 95,250</u>	<u>\$ 738,996</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (159,614)	\$ (6,104)	\$ 23,300	\$ (142,418)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	29,277			29,277
Food Distribution Program	15,352			15,352
Changes in Assets and Liabilities:				
Decrease in Inventory	1,859			1,859
(Decrease) in Accounts Payable	(17,619)			(17,619)
Increase/(Decrease) in Unearned Revenue	(11,615)	(15,843)	3,300	(24,158)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (142,360)</u>	<u>\$ (21,947)</u>	<u>\$ 26,600</u>	<u>\$ (137,707)</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 \$11,136 and utilized U.S.D.A. Commodities valued at \$15,352.

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Retired or Matured	Balance July 1, 2022	Balance June 30, 2023
			Date	Amount	June 30, 2023				
School Refunding Bonds	05/30/12	\$ 9,955,000		\$		\$ 65,000	\$ 65,000		
School Refunding Bonds	09/26/12	21,075,000					1,225,000		
School Refunding Bonds	12/29/15	7,060,000	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%		6,005,000	\$ 5,670,000	
School Refunding Bonds	02/24/21	23,550,000	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%				
			12/15/33	1,930,000	2.160%				
			12/15/34	1,975,000	2.260%				
			12/15/35	2,020,000	2.360%				
							23,255,000	22,955,000	
							\$ 30,550,000	\$ 28,625,000	

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Maintenance Trucks	3.98%	\$ 147,954	\$ 91,300	\$ 29,254	\$ 62,046
			<u>\$ 91,300</u>	<u>\$ 29,254</u>	<u>\$ 62,046</u>

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Chromebooks	3.950%	\$ 987,027	\$ 591,627	\$ 189,638	\$ 401,989
Xerox Copiers	0.258%	264,529	<u>256,355</u>	<u>49,939</u>	<u>206,416</u>
			<u>\$ 847,982</u>	<u>\$ 239,577</u>	<u>\$ 608,405</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<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	\$ 2,082,335		\$ 2,082,335	\$ 2,082,335	
State Sources:					
Debt Service Aid Type II	441,505		441,505	441,505	
Total Revenues	<u>2,523,840</u>		<u>2,523,840</u>	<u>2,523,840</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	598,841		598,841	598,841	
Redemption of Principal	1,925,000		1,925,000	1,925,000	
Total Regular Debt Service	<u>2,523,841</u>		<u>2,523,841</u>	<u>2,523,841</u>	
Total Expenditures	<u>2,523,841</u>		<u>2,523,841</u>	<u>2,523,841</u>	
(Deficit) of Revenue (Under) Expenditures	(1)		(1)	(1)	
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
<u>Recapitulation:</u>					
Restricted				<u>\$ 1</u>	
				<u>\$ 1</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

### Exhibit

#### **Financial Trends**

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

J-1 thru J-5

#### **Revenue Capacity**

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

J-6 thru J-9

#### **Debt Capacity**

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

J-10 thru J-13

#### **Demographic and Economic Information**

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

J-14 thru J-15

#### **Operating Information**

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

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the 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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 11,332,466	\$ 15,653,963	\$ 16,342,044	\$ 16,311,254	\$ 20,162,837	\$ 22,109,941	\$ 26,929,496	\$ 25,609,884	\$ 25,706,050	\$ 25,643,572
Restricted	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	7,800,329
Unrestricted/(Deficit)	(3,594,860)	(8,440,515)	(9,636,859)	(10,260,343)	(9,360,684)	(8,945,774)	(13,062,246)	(12,141,442)	(8,811,879)	(7,592,816)
Total Governmental Activities Net Position	\$ 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	\$ 25,851,085
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 81,297	\$ 74,143	\$ 71,712	\$ 65,626	\$ 58,360	\$ 51,979	\$ 257,093	\$ 230,432	\$ 216,849	\$ 193,092
Unrestricted	172,199	316,844	482,596	703,719	924,208	1,112,194	371,400	126,309	377,676	555,924
Total Business-type Activities Net Position	\$ 253,496	\$ 390,987	\$ 554,308	\$ 769,345	\$ 982,568	\$ 1,164,173	\$ 628,493	\$ 356,741	\$ 594,525	\$ 749,016
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 25,836,664
Restricted	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	7,800,329
Unrestricted/(Deficit)	(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)	(7,036,892)
Total District Net Position	\$ 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	\$ 26,600,101

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 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	\$ 24,642,384
Special Education	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	6,335,017
Other Special Education	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	1,762,980
School Sponsored/Other Instruction	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	1,402,304
<b>Support Services:</b>										
Tuition	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	2,506,787
Student & Instruction Related Services	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	9,791,201
General Administrative Services	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	1,454,572
School Administrative Services	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	2,911,361
Central Services	641,578	666,171	684,642	821,804	923,069	936,514	803,316	571,277	547,847	595,373
Administrative Information Technology	171,171	183,035	288,293	325,150	333,399	403,745	476,736	479,899	577,744	696,970
Plant Operations and Maintenance	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	5,169,521
Pupil Transportation	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	2,667,408
Transfer of Funds to Charter School		8,606	24,192	24,261	35,227	25,191	26,326	111,654	62,514	
Interest on Long-term Debt	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	1,215,648
Unallocated Depreciation	1,540,461	1,537,042	1,527,119	1,407,342						
<b>Total Governmental Activities Expenses</b>	<b>42,847,904</b>	<b>51,777,327</b>	<b>55,205,206</b>	<b>60,527,806</b>	<b>64,043,598</b>	<b>61,997,159</b>	<b>61,163,107</b>	<b>62,713,396</b>	<b>60,787,990</b>	<b>61,151,326</b>
<b>Business-type Activities:</b>										
Food Service	728,307	686,979	694,629	700,715	655,069	683,975	530,149	313,441	989,226	926,577
Kindergarten Wrap Around	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						54,504	50,545	36,050	64,877	132,671
<b>Total Business-type Activities Expense</b>	<b>902,243</b>	<b>885,856</b>	<b>953,069</b>	<b>894,827</b>	<b>898,501</b>	<b>1,022,775</b>	<b>589,398</b>	<b>349,491</b>	<b>1,054,103</b>	<b>1,059,248</b>
<b>Total District Expenses</b>	<b>43,750,147</b>	<b>52,663,183</b>	<b>56,158,275</b>	<b>61,422,633</b>	<b>64,942,099</b>	<b>63,019,934</b>	<b>61,752,505</b>	<b>63,062,887</b>	<b>61,842,093</b>	<b>62,210,774</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Instruction (Tuition)	\$ 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	\$ 1,954,996
School Sponsored/Other Instruction (Student Activity Fees)	93,135	92,775	95,825	87,300	97,180	84,950	86,570	145,522	91,868	93,393
Student and Instruction Related Services	5,214	8,125	9,750	12,480	12,870	14,820	13,000	354,242	383,703	728,766
Pupil Transportation (Subscription Busing)	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	12,068,141
Operating Grants and Contributions				343,102						
Capital Grants and Contributions	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	14,848,643
<b>Total Governmental Activities Program Revenues</b>	<b>19,816,048</b>	<b>23,747,376</b>	<b>26,055,660</b>	<b>33,757,322</b>	<b>34,823,080</b>	<b>33,342,024</b>	<b>34,862,638</b>	<b>39,176,986</b>	<b>39,597,134</b>	<b>39,839,939</b>
<b>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	609,166	570,857	576,339	565,458	555,058	586,871	416,837	1,245	235,093	766,963
Kindergarten Wrap Around	300,550	316,950	410,600	418,300	448,200	455,650				
Integrated Preschool	13,600	16,250	12,200	15,250	1,100	9,200	13,350	21,100	23,750	23,300
Summer Program						52,500	98,200	40,758	124,531	126,567
Operating Grants and Contributions - Food Service	127,258	119,290	117,251	110,856	107,366	103,309	95,438	303,251	908,513	296,423
<b>Total Business-type Activities Program Revenues</b>	<b>1,050,574</b>	<b>1,023,347</b>	<b>1,116,390</b>	<b>1,109,864</b>	<b>1,111,724</b>	<b>1,207,530</b>	<b>623,825</b>	<b>366,354</b>	<b>1,291,887</b>	<b>1,213,253</b>
<b>Total District Program Revenues</b>	<b>8,821,103</b>	<b>13,795,465</b>	<b>15,792,120</b>	<b>19,789,630</b>	<b>21,110,264</b>	<b>17,785,947</b>	<b>15,665,619</b>	<b>17,779,348</b>	<b>18,586,319</b>	<b>16,061,896</b>

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (46,302,883)
Business-type Activities	148,331	137,491	163,321	215,037	213,223	184,755	34,427	16,863	237,784	154,005
Total District-wide Net Expense	\$ (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)	\$ (46,148,878)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 44,476,745
Taxes Levied for Debt Service	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	2,082,335
Unrestricted Grants and Contributions	38,056	81,021	100,346	592,828	658,667	805,104	746,100	746,292	746,384	707,889
Sale of Property		2,000,000	9,000,000							
Investment Earnings and Miscellaneous Income	299,290	395,977	353,245	433,653	285,564	529,732	589,993	472,327	473,202	751,903
Transfers			31,781				776,000	288,615		
Capital Reserve - Reimbursement for Local Share						343,560				
Maintenance Reserve - Reimbursement for Local Share						565,559				
Total Governmental Activities	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	48,018,872
Business-type Activities:										
Transfers							(776,000)	(288,615)		486
Cancellation of Prior Year Accounts Receivable						(3,150)	(278)			486
Accounts (Receivable)/ Payable						(3,150)	(776,278)	(288,615)		
Total Business-type Activities										
Total District-wide	\$ 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	\$ 48,019,358
Change in Net Position										
Governmental Activities	\$ 1,664,744	\$ 1,986,657	\$ 9,314,502	\$ 222,122	\$ (1,514,796)	\$ (277,950)	\$ (5,971)	\$ 1,477,861	\$ 3,751,212	\$ 1,715,989
Business-type Activities	148,331	137,491	163,321	215,037	213,223	181,605	(741,851)	(271,752)	237,784	154,491
Total District	\$ 1,813,075	\$ 2,124,148	\$ 9,477,823	\$ 437,159	\$ (1,301,573)	\$ (96,345)	\$ (747,822)	\$ 1,206,109	\$ 3,988,996	\$ 1,870,480

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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 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	\$ 7,294,536
Assigned	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	2,017,480
Unassigned	733,937	841,580	809,169	883,318	995,383	961,274	1,144,216	2,201,072	2,339,356	1,277,261
Total General Fund	\$ 3,463,253	\$ 5,352,292	\$ 15,021,177	\$ 14,314,879	\$ 8,145,980	\$ 7,622,014	\$ 5,945,484	\$ 9,041,115	\$ 10,176,288	\$ 10,589,277
All Other Governmental Funds										
Restricted	\$ 3,833	\$ 773	\$ 24,854	\$ 24,854	\$ 1	\$ 1	\$ 728,048	\$ 501,126	\$ 485,708	\$ 505,793
Committed	834,864	120,868	57,143		1,500,533					
Total All Other Governmental Funds	\$ 838,697	\$ 121,641	\$ 81,997	\$ 24,854	\$ 1,500,534	\$ 1	\$ 728,048	\$ 501,126	\$ 485,708	\$ 505,793
Total Governmental Funds	\$ 4,301,950	\$ 5,473,933	\$ 15,103,174	\$ 14,339,733	\$ 9,646,514	\$ 7,622,015	\$ 6,673,532	\$ 9,542,241	\$ 10,661,996	\$ 11,095,070

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Local Tax Levy	\$ 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	\$ 46,559,080
Tuition from Individuals	161,000	192,000	192,000	114,200	119,000	104,000	33,500	84,823	117,407	133,844
Tuition from Other LEAs	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	1,821,152
Transportation Fees from Individuals						13,000				3,347
Rents and Royalties							23,644	25,098	26,403	31,256
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	17,685
Interest Earned on Capital Reserve Funds				49,700	52,969	34,430	3,971	10,502	3,509	53,150
Miscellaneous	481,170	647,114	527,833	552,156	459,355	645,321	442,182	826,690	799,052	1,117,513
PILOT Payments							225,542	208,048	198,681	431,254
State Sources	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	15,944,483
Federal Sources	675,109	708,250	718,526	646,596	755,318	864,148	644,262	844,245	1,473,869	1,174,530
<b>Total Revenue</b>	<b>44,512,648</b>	<b>49,469,292</b>	<b>58,941,336</b>	<b>51,566,183</b>	<b>52,777,505</b>	<b>55,718,226</b>	<b>57,471,775</b>	<b>61,739,154</b>	<b>66,071,288</b>	<b>67,287,294</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	16,600,932
Special Education Instruction	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	4,003,651
Other Special Instruction	575,907	691,851	642,121	578,439	511,710	584,475	663,992	635,624	1,055,517	1,063,764
School-Sponsored/Other Instruction	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	1,220,628
<b>Support Services:</b>										
Tuition	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	2,506,787
Student & Other Instruction Related Services	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	7,612,839
General Administrative Services	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	1,081,400
School Administrative Services	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	1,948,133
Central Services	519,845	533,683	541,470	584,620	557,217	590,670	563,076	369,678	393,616	448,890
Administrative Information Technology	139,044	148,000	230,474	236,322	243,705	342,081	381,637	414,163	484,966	638,544
Plant Operations and Maintenance	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	4,667,683
Student Transportation	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	2,535,122
Unallocated Benefits	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	19,081,664
Transfer of Funds to Charter School		8,606	24,192	24,261	35,227	25,191	26,326	111,654	62,514	
Capital Outlay	74,197	975,878	351,020	1,145,019	4,783,850	2,701,573	3,623,814	317,179	2,532,934	920,342
<b>Debt Service:</b>										
Principal	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	1,925,000
Interest and Other Charges	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	598,841
<b>Total Expenditures</b>	<b>42,991,822</b>	<b>48,297,309</b>	<b>49,343,876</b>	<b>52,329,624</b>	<b>57,470,724</b>	<b>58,651,844</b>	<b>60,130,541</b>	<b>59,307,014</b>	<b>65,216,062</b>	<b>66,854,220</b>
<b>Excess/(Deficit) of Revenues</b>										
Over/(Under) Expenditures	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	433,074

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources/(Uses)										
Leases (Non-budgeted)										
Financed Purchases (Non-Budgeted)										
Capital Reserve - Reimbursement						\$ 343,560		\$ 147,954	\$ 264,529	
for Local Share										
Maintenance Reserve - Reimbursement						565,559				
for Local Share										
Long Term Debt Issued			\$ 7,060,000					23,550,000		
Bond Premium			626,844					268,271		
Serial Bonds Defeased			(6,945,000)					(22,145,000)		
Bond Issuance Costs			(51,174)					(194,475)		
Deferred Amount on Refunding			(690,670)					(1,478,796)		
Transfers			31,781				\$ 776,000	288,615		
Total Other Financing Sources/(Uses)			31,781			909,119	776,000	436,569	264,529	
Net Change in Fund Balances	\$ 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	\$ 433,074
Debt Service as a Percentage of										
Noncapital Expenditures	6.92%	6.24%	5.92%	5.54%	4.96%	4.69%	4.37%	4.44%	3.87%	3.78%

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,	Student Activities Fees		Subscription Busing		Chromebook Insurance Fees		Interest on Investments		Use of Facilities		Sale of Property,**		Miscellaneous		PILOT Payments		Total
	Tuition	Fees	Busing		Insurance	Fees	Investments	Facilities	Property,**	Miscellaneous	Payments	Total					
2014	\$ 1,805,518	\$ 93,135	\$ 5,214				\$ 5,885	\$ 80,742		\$ 212,663		\$ 2,203,157					\$ 2,203,157
2015	1,806,176	92,775	8,125				8,433	69,968		317,576	\$ 2,000,000	4,303,053					4,303,053
2016	1,815,704	95,825	9,750		\$ 22,641		60,765	82,503		187,336	9,000,000	11,274,524					11,274,524
2017	1,754,597	87,300	12,480		27,947		102,519	73,140		150,725		2,208,708					2,208,708
2018	1,755,262	97,180	12,870		26,133		95,291	60,503		103,637		2,150,876					2,150,876
2019	1,760,571	84,950	14,820		745		70,032	76,308		235,134	\$ 147,513	2,390,073					2,390,073
2020	1,840,774	86,570	13,000				50,988	23,644		289,819	225,542	2,530,337					2,530,337
2021	2,044,245	145,522					51,628	25,098		187,553	208,048	2,662,094					2,662,094
2022	2,009,939	91,868					27,908	26,403		220,210	198,681	2,575,009					2,575,009
2023	1,954,996	93,393	3,347				233,462	31,256		55,931	431,254	2,803,639					2,803,639

\*\* 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 <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013*	\$ 23,333,600	\$ 2,798,024,100	\$ 465,483,400	\$ 4,072,500	\$ 91,118,500	\$ 3,382,032,100	\$ -	\$ 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	-	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	-	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	-	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	-	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	-	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	-	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	-	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	-	3,599,147,600	598,963,700	1.267	4,334,831,992
2022	18,244,500	2,951,570,700	534,561,500	4,072,500	89,405,500	3,597,854,700	-	3,597,854,700	607,134,300	1.294	4,365,283,589

\* - 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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Madison	Morris County	
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
2022	1.2362	0.0579	1.294	0.454	0.304	2.052

\* - 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	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Giralda Farms LLC	\$ 76,237,500	1	2.12%
175 Park Ave LLC	66,150,000	2	1.84%
7 Giralda Realty LLC	33,027,600	3	0.92%
ARC LLC	29,400,000	4	0.82%
1 Giralda Realty LLC	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	0.36%
	<u>\$ 315,159,700</u>		<u>8.76%</u>

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Route 24 Holdings, Inc.	\$ 75,000,000	1	2.22%
Rex 7 Giralda Farms, LLC	32,500,000	2	0.96%
3 Giralda Farms LLC	21,600,000	3	0.64%
Maersk, Inc.	20,900,000	4	0.62%
Rex 1 Giralda Farms LLC	20,000,000	5	0.59%
HCP Sun 1 Madison	17,600,000	6	0.52%
HS Investors c/o Heller Group	17,178,300	7	0.51%
175 Park Avenue, LLC	16,490,800	8	0.49%
Rose City Associates LP of NJ	12,772,900	9	0.38%
Town Gardens LLC	10,500,000	10	0.31%
	<u>\$ 244,542,000</u>		<u>7.23%</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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2023	46,559,080	46,559,080	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

<u>Governmental Activities</u>						
Fiscal Year Ended June 30,	General Obligation Bonds	Financed Purchases and Leases	Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
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	1.83%	1,967.87
2022	30,550,000	939,282	-0-	31,489,282	1.80%	1,936.49
2023	28,625,000	670,451	-0-	29,295,451	1.67%	1,801.58

**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	1,878.73
2023	28,625,000	-0-	28,625,000	0.796%	1,760.35

**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, 2022  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Madison	\$ 18,427,672	100.00%	\$ 18,427,672
Morris County General Obligation Debt	253,387,955	4.02%	10,188,069
Subtotal, Overlapping Debt			28,615,742
Borough of Madison School District Direct Debt			28,625,000
<b>Total Direct and Overlapping Debt</b>			<b>\$ 57,240,742</b>

**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 2023

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 4,316,247,988
2021	4,356,794,093
2022	4,412,921,256
	\$ 13,085,963,337
Average Equalized Valuation of Taxable Property	\$ 4,361,987,779
Debt Limit (4% of Average Equalization Value) <b>a</b>	\$ 174,479,511
Net Bonded School Debt	28,625,000
Legal Debt Margin	\$ 145,854,511

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 141,638,856	\$ 145,425,277	\$ 149,533,924	\$ 155,575,556	\$ 158,054,593
Total Net Debt Applicable to Limit	41,475,000	39,965,000	38,520,000	36,900,000	35,495,000
Legal Debt Margin	\$ 100,163,856	\$ 105,460,277	\$ 111,013,924	\$ 118,675,556	\$ 122,559,593
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.28%	27.48%	25.76%	23.72%	22.46%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 163,917,471	\$ 169,368,013	\$ 173,678,691	\$ 174,649,869	\$ 174,479,511
Total Net Debt Applicable to Limit	34,050,000	32,560,000	32,425,000	30,550,000	28,625,000
Legal Debt Margin	\$ 129,867,471	\$ 136,808,013	\$ 141,253,691	\$ 144,099,869	\$ 145,854,511
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.77%	19.22%	18.67%	17.49%	16.41%

**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 <sup>a</sup>	Borough of Madison Income Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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	1,826,435,116	107,767	4.40%
2022	16,261	1,752,399,187	107,767 *	2.90%
2023	16,261 **	1,752,399,187 ***	107,767 *	N/A

\* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

\*\* - Latest population data available (2022) was used for calculation purposes.

\*\*\* - Latest available population data (2022) and latest available Morris County per capita personal income (2021) was used for calculation purposes.

N/A - Information not available

Sources:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

<sup>d</sup> 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	2022		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health System	10,552	1	4.05%
Novartis	6,500	2	2.49%
Picatinny Arsenal	6,000	3	2.30%
Barclays	3,374	4	1.29%
ADP	2,400	5	0.92%
Accenture	2,344	6	0.90%
PricewaterhouseCoopers	2,095	7	0.80%
Cigna	1,686	8	0.65%
Deloitte & Touche	1,646	9	0.63%
Saint Clare's Health	1,473	10	0.57%
	<u>38,070</u>		<u>14.61%</u>

Total Employment

260,558

Employer	2013		
	Employees	Rank (Optional)	Percentage of Total Employment
U.S Army Armament R&D	5,841	1	2.27%
Novartis	5,035	2	1.96%
Atlantic Health	4,463	3	1.74%
Automatic Data Processing, Inc.	2,060	4	0.80%
Bayer Healthcare, LLC	1,900	5	0.74%
County of Morris	1,674	6	0.65%
Wyndham Worldwide Corporation	1,653	7	0.64%
Saint Clare's Health System	1,642	8	0.64%
BASF Corporation	1,500	9	0.58%
Accenture	1,480	10	0.58%
	<u>27,248</u>		<u>10.60%</u>
Total Employment	<u>257,024</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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	152	152	161	167	168	169	169	174	157	161
Special Education	45	53	57	55	55	56	59	56	52	64
Other Special Instruction	30	30	26	40	58	59	44	34	28	22
Support Services:										
Student & Instruction Related Services	43	41	44	32	35	35	43	45	48	49
General Administrative Services	3	3	3	4	4	4	6	6	6	4
School Administrative Services	19	16	15	16	16	15	18	18	18	18
Central Services	17	20	20	19	6	5	5	4	4	5
Administration Information Technology	3	3	5	5	4	4	4	4	4	4
Plant Operations and Maintenance	22	25	27	28	31	29	29	28	30	31
<b>Total</b>	<b>334</b>	<b>343</b>	<b>358</b>	<b>366</b>	<b>377</b>	<b>376</b>	<b>377</b>	<b>369</b>	<b>347</b>	<b>358</b>

Source: District Personnel Records.

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

Fiscal Year	Pupil/Teacher Ratio											Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
	Elementary					Middle									
	Enrollment	Operating Expenditures <sup>a</sup>	Cost per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Central Avenue	Kings Road	Torey J. Sabatini	Madison Junior School	Madison High School	Madison School				
2014	2,503	\$ 39,949,825	\$ 15,961	-5.53%	227	11.0:1	9.2:1	12.0:1	11.2:1	11.3:1	11.3:1	2,509	2,410	3.81%	96.05%
2015	2,524	44,367,335	17,578	10.13%	235	9.2:1	9.9:1	11.0:1	10.0:1	10.9:1	10.9:1	2,528	2,424	0.76%	95.89%
2016	2,565	46,073,494	17,962	2.19%	244	9.8:1	9.6:1	11.1:1	11.9:1	11.2:1	11.2:1	2,568	2,464	1.58%	95.95%
2017	2,600	48,283,202	18,570	3.39%	262	8.2:1	7.8:1	10.8:1	10.6:1	11.7:1	11.7:1	2,607	2,492	1.52%	95.59%
2018	2,603	50,050,853	19,228	3.54%	281	7.1:1	7.2:1	10.1:1	10.8:1	10.9:1	10.9:1	2,620	2,488	0.50%	94.96%
2019	2,597	53,320,934	20,532	6.78%	284	6.5:1	8.0:1	10.1:1	10.6:1	10.7:1	10.7:1	2,629	2,504	0.34%	95.25%
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	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	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	9.9:1	2,478	2,357	0.04%	95.12%
2023	2,525	63,410,037	25,113	5.44%	271	8.0:1	8.9:1	8.5:1	10.2:1	9.9:1	9.9:1	2,517	2,380	1.57%	94.56%

**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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Green Village Road School (1948)*	26,159	26,159	*							
Square Feet										
Central Avenue School (1910)	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109	62,109
Square Feet										
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	505	480	488	502	499	489	476	497	497	496
Kings Road School (1948)	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772	44,772
Square Feet										
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	281	286	286	311	310	311	307	286	286	284
Torey J. Sabatini School (1969)	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964	53,964
Square Feet										
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	333	343	337	323	332	314	296	272	272	311
Madison Junior School (1926)	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476	98,476
Square Feet										
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	548	589	610	635	624	617	612	590	590	584
Madison High School (1958)	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810	151,810
Square Feet										
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	836	826	844	829	838	866	880	881	881	850
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, 2023  
 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,				
		2014	2015	2016	2017	2018
Central Avenue	N/A	\$ 109,524	\$ 200,355	\$ 279,273	\$ 452,058	\$ 272,277
Kings Road	N/A	79,133	144,760	201,779	326,619	236,574
Torey J. Sabatini	N/A	95,163	174,083	242,653	392,781	431,857
Junior School	N/A	173,716	317,782	442,952	717,005	196,725
High School	N/A	267,790	489,875	682,831	1,105,296	665,727
Grand Total		<u>\$ 725,326</u>	<u>\$ 1,326,855</u>	<u>\$ 1,849,488</u>	<u>\$ 2,993,759</u>	<u>\$ 1,803,160</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2019	2020	2021	2022	2023
Central Avenue	N/A	\$ 258,915	\$ 184,210	\$ 194,964	\$ 80,814	\$ 304,341
Kings Road	N/A	187,071	115,131	121,852	141,819	339,631
Torey J. Sabatini	N/A	224,965	161,184	170,593	177,506	213,309
Junior School	N/A	410,664	264,802	280,260	199,690	266,818
High School	N/A	638,046	425,987	450,854	392,725	350,245
Grand Total		<u>\$ 1,719,661</u>	<u>\$ 1,151,314</u>	<u>\$ 1,218,523</u>	<u>\$ 992,554</u>	<u>\$ 1,474,344</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, 2023  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	10,000,000	
Automobile Liability	1,000,000	
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
Morris Essex Insurance Group:		
<u>WORKERS' COMPENSATION:</u>		
Employer's Liability	5,000,000	
ACE American Insurance Company:		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	10,000,000	
<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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 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  
December 1, 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, 2023. 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, 2023.

***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.

### **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.

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

*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  
December 1, 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, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022			Cash Received	Budgetary Expendi- tures	Adjust- ments	Prior Year Enumb- rances Cancelled	Balance at June 30, 2023		Amounts Provided to Subre- cipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<u>U.S. Department of Agriculture:</u>														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 11,136	\$	6,583	\$ 11,136	\$ (8,769)				\$ 2,367		
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	10,744				(6,583)						
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	171,856			163,582	(171,856)				\$ (8,274)		
COVID-19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	125,226			125,226	(66,524)				58,702		
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	877,272			151,291							
					(151,291)	6,583	451,235	(253,732)				(8,274)	61,069	
Total Child Nutrition Cluster / U.S. Department of Agriculture														
<u>U.S. Department of Education:</u>														
Passed-through State Department of Education:														
Special Revenue Fund:														
Elementary and Secondary Education Act:														
Title I	84.010	ESEA287023	7/1/22-6/30/23	92,027				(82,969)				(82,969)		
Title I	84.010	ESEA287022	7/1/21-9/30/22	113,496			27,279	(82,969)				(82,969)		
Title II	84.367	ESEA287023	7/1/22-6/30/23	62,960			8,075	(46,549)				(46,549)		
Title II	84.367	ESEA287022	7/1/21-9/30/22	58,367			8,075	(46,549)				(46,549)		
Title III	84.365	ESEA287023	7/1/22-6/30/23	33,254			28	(15,125)		\$ 2,464		(15,125)		
Title III	84.365	ESEA287022	7/1/21-9/30/22	29,646			28	(15,125)		2,464		(15,125)		
Title III								(12,448)				(12,448)		
Title IV	84.424	ESEA287023	7/1/22-9/30/23	20,000										
Education Stabilization Fund:														
COVID 19 - CARES Emergency Relief	84.425D	CARES287022	3/13/20-9/30/22	56,354			11,007							
COVID 19 - CRRSA:														
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	198,415				(30,681)				(134,960)		
Learning Accelerated	84.425D	S425D210027	3/13/20-9/30/23	25,000				(25,000)				(25,000)		
COVID 19 - ARP:														
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	445,925				(316,237)				(385,489)		
Learning Accelerated	84.425U	S425U210027	3/13/20-9/30/24	203,065				(152,065)				(152,065)		
Total Education Stabilization Fund							11,007	(523,983)				(697,514)		
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				(599)				(65,895)		
I.D.E.A. Part B, Basic	84.027	IDEA287023	7/1/22-9/30/23	615,102			7,780	(614,244)						
I.D.E.A. Part B, Basic	84.027	IDEA287022	7/1/21-9/30/22	653,079			548,349	(3,304)		3,304				
COVID 19 - ARP - I.D.E.A. Part B, Preschool	84.173X	IDEA287022	7/1/21-9/30/22	10,953			158,994	(10,953)						
I.D.E.A. Preschool	84.173	IDEA287023	7/1/22-9/30/23	23,338			16,675	(23,338)				(6,663)		
Total Special Education Cluster (IDEA)							742,751	(641,485)			3,304	(72,558)		
					(399,512)		789,140	(1,322,559)		2,464		(927,163)		
Total U.S. Department of Education														

BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expendi- tures	Adjust- ments	Prior Year Encumb- rances Cancelled	Balance at June 30, 2023		Amounts Provided to Subre- cipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<u>U.S. Department of Treasury:</u>													
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	7/1/22-6/30/23	48,205		\$ 24,103	\$ (48,205)				\$ (24,102)		
	21.027	SLFRFDOEISES	7/1/21-6/30/22	150,413		150,413					(24,102)		
						(150,413)	(48,205)						
Total U.S. Department of Treasury						(150,413)	(48,205)				(24,102)		32
Total Special Revenue Fund						(549,925)	(1,370,764)	\$ 2,464	\$ 3,304		(951,265)		32
<u>U.S. Department of Health and Human Services:</u>													
Medicaid Cluster:													
Medicaid Assistance Program	93.778	N/A	7/1/22-6/30/23	9,442		9,442	(9,442)						
Medicaid Assistance Program	93.778	N/A	7/1/21-6/30/22	2,285		836							
Total U.S. Department of Health and Human Services / Medicaid Cluster						(836)	(9,442)						
<u>U.S. Department of Homeland Security:</u>													
Passed-through State Department of Law and Public Safety:													
Disaster Grants - Public Assistance - FEMA:													
Hurricane Ida	97.036	N/A	9/1/21-12/31/22	83,609		83,609	(83,609) *						
Total U.S. Department of Homeland Security							(83,609)						
Total Federal Awards						\$ (702,052)	\$ 6,583	\$ 2,464	\$ 3,304		\$ (959,539)	\$ 61,069	\$ -0-

\* Includes prior year expenditures.  
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, 2023**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>													
<b>General Fund State Aid:</b>													
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 2,193,412			\$ 1,978,912	\$ (2,193,412)			\$ (214,500)	\$ 2,193,412	\$ (214,500)	\$ 2,193,412
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	205,379			185,294	(205,379)			(20,085)	205,379	(20,085)	205,379
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	2,55,898			230,873	(255,898)			(25,025)	255,898	(25,025)	255,898
Excess Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	55,605				(55,605)			(55,605)		(55,605)	55,605
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	724,848			1,724,828	(724,848)			(724,848)	724,848	(724,848)	724,848
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	1,732,254			2,098,195	(1,732,254)			(7,426)	1,732,254	(7,426)	1,732,254
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	2,098,195			7,877,815	(2,098,195)				2,098,195		2,098,195
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	7,877,815			109,296	(7,877,815)				7,877,815		7,877,815
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	109,296			3,486	(109,296)				109,296		109,296
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	3,486				(3,486)				3,486		3,486
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,776,039	\$ (172,080)		172,080					1,776,039		1,776,039
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	205,379	(19,899)		19,899					205,379		205,379
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	255,898	(24,794)		24,794					255,898		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	(7,175)		7,175					1,694,914		1,694,914
<b>Subtotal - General Fund</b>				<b>(1,135,349)</b>		<b>15,344,048</b>	<b>(15,256,188)</b>			<b>(787,879)</b>		<b>(1,047,489)</b>	<b>20,099,819</b>
<b>Special Revenue Fund Aid:</b>													
<b>Nonpublic Auxiliary Services:</b>													
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	38,742			38,742	(38,346)						38,346
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	6,767								\$ 396		6,767
<b>Nonpublic Handicapped Services:</b>													
Supplementary Instruction	23-100-034-5120-067	7/1/22-6/30/23	31,883			31,883	(30,975)				908		30,975
Supplementary Instruction	22-100-034-5120-067	7/1/21-6/30/22	31,388			4,378			\$ (4,378)				27,010
Corrective Speech	23-100-034-5120-067	7/1/22-6/30/23	18,972			18,972	(16,740)				2,232		16,740
Corrective Speech	22-100-034-5120-067	7/1/21-6/30/22	19,344			1,767			(1,767)				17,577
Examination and Classification	23-100-034-5120-067	7/1/22-6/30/23	43,794			43,794	(35,837)				7,957		35,837
Examination and Classification	22-100-034-5120-067	7/1/21-6/30/22	43,414			24,222	(23,269)		(11,369)		953		32,045
N.J. Nonpublic Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	24,222						(273)				24,222
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	22,387			273					283		22,114
N.J. Nonpublic Textbook Aid	21-100-034-5120-067	7/1/20-6/30/21	32,805			283					1,155		32,522
N.J. Nonpublic Nursing Aid	23-100-034-5120-070	7/1/22-6/30/23	41,104			41,104	(39,949)				418		41,104
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	41,776			156			(156)				41,620
N.J. Nonpublic Technology Initiative	23-100-034-5120-067	7/1/22-6/30/23	15,414			15,414	(14,996)				418		14,996
N.J. Nonpublic Security Aid	23-100-034-5120-067	7/1/22-6/30/22	75,235			75,235	(73,382)				1,853		73,382
N.J. Nonpublic Security Aid	22-100-034-5120-067	7/1/21-6/30/22	65,275			1,963			\$ 176		176		63,268
N.J. Nonpublic Security Aid	21-100-034-5120-067	7/1/20-6/30/21	93,975			2,707					2,707		91,268
School Development Authority: Emergent & Capital Maintenance Needs	N/A	7/1/21-6/30/22	63,736	(63,736)		63,736							63,736
<b>Subtotal - Special Revenue Fund</b>				<b>(63,736)</b>		<b>353,102</b>	<b>(273,494)</b>	<b>176</b>			<b>25,805</b>		<b>603,494</b>



BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at		MEMO	
				June 30, 2022	June 30, 2023					GAAP Accounts Receivable	Due to Grantor		Due to Grantor
<u>State Department of Education:</u>													
<u>Debt Service Fund Aid:</u>													
Debt Service Aid - State Support	23-495-034-5120-075	7/1/22-6/30/23	\$ 441,505	\$	\$ 441,505	\$	\$ (441,505)				\$	\$ 441,505	
Subtotal - Debt Service Fund					441,505		(441,505)					441,505	
Total State Department of Education				\$ (1,199,085)	\$ 29,663	16,138,655	(15,971,187)	\$ 176	\$ (19,906)	\$ (787,879)	\$ 25,805	\$ (1,047,489)	21,144,818
<u>State Department of Agriculture:</u>													
<u>Food Service Fund:</u>													
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	9,693		9,238	(9,693)				(455)		(455)	9,693
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	19,491		3,289								19,491
Total State Department of Agriculture / Food Service Fund				(3,289)		12,527	(9,693)			(455)		(455)	29,184
Total State Awards				\$ (1,202,374)	\$ 29,663	\$ 16,151,182	\$ (15,980,880)	\$ 176	\$ (19,906)	\$ (788,334)	\$ 25,805	\$ (1,047,944)	\$ 21,174,002
Less: State Awards Not Subject to Single Audit Major Program Determination													
<u>On-Behalf TPAF Pension System Contributions:</u>													
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/21-6/30/22	(2,098,195)			2,098,195							
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/21-6/30/22	(7,877,815)			7,877,815							
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/21-6/30/22	(109,296)			109,296							
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/21-6/30/22	(3,486)			3,486							
Subtotal - On-Behalf TPAF Pension System Contributions						10,088,792							
Total State Awards Subject to Single Audit Major Program Determination						\$ (5,892,088)							

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, 2023

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, 2023. 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, 2023

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$74,697) of which (\$31,860) represents a portion of FEMA reimbursement posted as a refund against current year expenditures for the general fund and (\$212,806) for the special revenue fund (of which \$28,486 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. The District’s Food Service Management Company was granted forgiveness on their Paycheck Protection Program (PPP Loan). Schools that participated in the USDA’s National School Lunch Program (NSLP) received a credit for Labor Cost for the period of May 16, 2020 through October 30, 2020. Based on USDA guidance, the PPP forgiven funds of \$32,998 were credited to the District and is included as a federal award in the District’s Food Service Fund but are not to be reported on the Schedules of Expenditures of Federal Awards. 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	\$ 61,191	\$ 15,213,351	\$ 15,274,542
Special Revenue Fund	1,113,339	289,627	1,402,966
Debt Service Fund		441,505	441,505
Proprietary Fund	286,730	9,693	296,423
Total Awards	<u>\$ 1,461,260</u>	<u>\$ 15,954,176</u>	<u>\$ 17,415,436</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, 2023. 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, 2023

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>				
Special Education Cluster (IDEA):				
COVID-19 - ARP:				
I.D.E.A. Part B, Basic	84.027X	7/1/21-9/30/23	\$ 128,297	\$ 599
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	615,102	614,244
I.D.E.A. Part B, Basic	84.027	7/1/21-9/30/22	653,079	3,304
I.D.E.A. Preschool	84.173	7/1/22-9/30/23	23,338	23,338
<u>State:</u>				
State Aid Public:				
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 2,193,412	\$ 2,193,412
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	205,379	205,379

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal programs.
- The District was determined to be a "low-risk" auditee for state programs.

BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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, 2023

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.