

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF MONTCLAIR**

**Township of Montclair School District
Board of Education
Montclair, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

Township of Montclair School District

Montclair, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Township of Montclair School District
Board of Education**

Finance Department

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INTRODUCTORY SECTION



MONTCLAIR PUBLIC SCHOOLS

BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042

WWW.MONTCLAIR.K12.NJ.US

November 22, 2019

The Honorable President and Members of
the Board of Education
Montclair School District
County of Essex, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Montclair School District (the "District") for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. 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 economic and demographic information, 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 Montclair 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 Montclair 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. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2018-2019 fiscal year with an enrollment of 6,659 students, which is a decrease of 24 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Montclair is primarily residential with a few commercial ratables and with little space remaining for development. The Township has experienced relatively stable population since the 1930's. The Township has utilized the Local Redevelopment and Housing Laws to redevelop vacant and underutilized properties in the Township Center to include new retail space, new dwelling units and additional parking structures in the last several years.

Several years ago, the Township completed a revaluation of all property. Since then, many tax appeals have resulted in a decrease in the net valuation taxable from \$7.335 billion in 2008 to \$5.775 billion in 2012. The Township has completed another revaluation of property which resulted in decreased property values for the 2012 tax year. As state and federal aid to education declines, the local tax levy has assumed a larger percentage of the school budget - from 70% in 1986 to 92.6% in 2014-2015.

Families with young children choose Montclair for its excellent schools. The housing market remains active as senior citizens leave the area and are replaced by younger families. The school system is expected to continue to maintain enrollment at approximately 6,800 students for the next ten years.

3) MAJOR INITIATIVES: In the 2018-2019 school year, the District continued to implement specific and targeted initiatives developed to address the deep implementation of the District core curriculum coupled with learning gaps between and among student groups in Montclair Public Schools. These initiatives included but were not limited to: (1) the continuing development of student-based, standards aligned magnet and elective courses curricula; (2) continuing an outcome-based extended day learning for schools receiving Title I funding; (3) developing a robust student learning protocol with universal screeners, effective progress monitoring tools and tier I, II and III screeners; (4) ongoing creation and development of anti-racist professional development to promote equity, access and opportunity for each student in the district; (5) create effective social emotional programs that restore relationships between and among staff, students, parents/guardians and community; and (6) continuing the development of creating an online environment that promote effective managerial processes for students, staff and community members.

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 is also 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 the Board of School Estimate. 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 year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2019.

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

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.

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's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

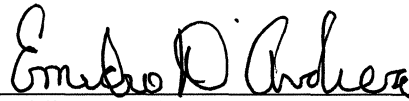
The Honorable President and Members of
the Board of Education
Montclair School District
Page 4
November 22, 2019

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Montclair School District 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. Nathan Parker
Interim Superintendent

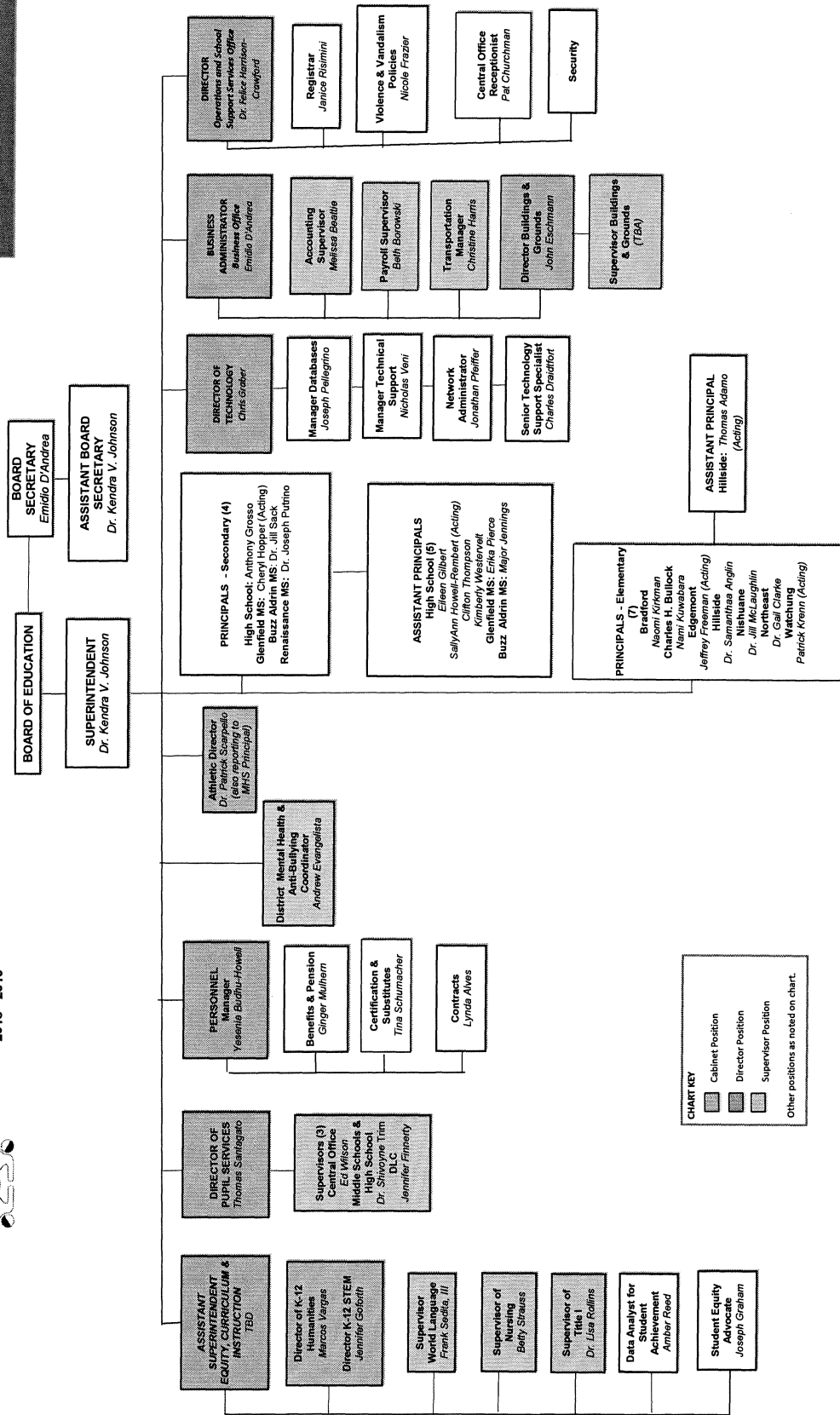


Emidio D'Andrea
School Business Administrator/Board Secretary



**MONTCLAIR BOARD OF EDUCATION
TABLE OF ORGANIZATION
2018 - 2019**

**CURRENT ORGANIZATIONAL CHART
SY 2018-2019**



Org. Chart 2018-19 10/2/18/2018

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Eve Robinson, President	2021
Latifah Jannah, Vice President	2022
Priscilla Church	2022
Dr. Alfred Davis Jr.	2022
Sergio Gonzalez	2021
Jessica de Koninck	2020
Anne Mernin	2020

<u>Other Officers</u>	<u>Title</u>
Dr. Kendra V. Johnson	Superintendent of Schools
Andrea Del Guercio	Treasurer of School Monies
Emidio D'Andrea	School Business Administrator/Board Secretary

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architect

Parette Somjen Architects
439 US Highway 46, Suite 4
Rockaway, New Jersey 07866

Attorney

Machado Law Group
136 Central Avenue, 2nd Floor
Clark, New Jersey 07066

Schenck, Price, Smith & King, LLP
220 Park Avenue
Florham Park, New Jersey 07932

Genova Burns, LLC
494 Broad Street
Newark, New Jersey 07102

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856

Official Depositories

Valley National Bank
1460 Valley Road
Wayne, New Jersey 07470

Investors Savings Bank
505 Bloomfield Avenue
Montclair, New Jersey 07042

TD Bank
233 Bloomfield Avenue
Montclair, New Jersey 07042

State of New Jersey Cash Management Fund
State Street Bank and Trust
P.O. Box 5994
Boston, MA 02206

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Montclair Township School District
County of Essex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District (the "District"), a component unit of the Township of Montclair, in the County of Essex, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District, in the County of Essex, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-7 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

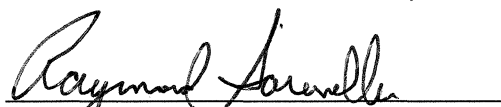
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 22, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

This section of the Montclair Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services, provisional teacher, and Summer programs.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. 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 Montclair Township School District’s Financial Report**

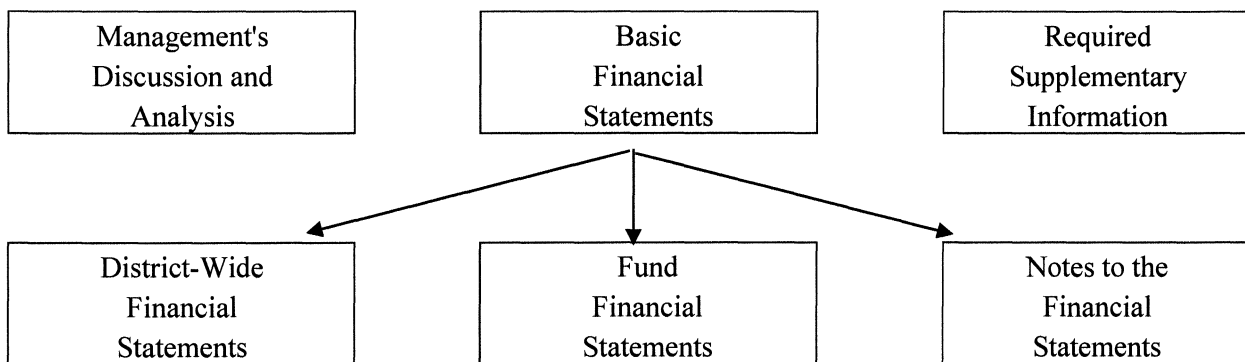


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflow 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 it has 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 is 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 and special 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 three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

- *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.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide 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 was \$29,557,406 on June 30, 2019, \$1,137,016 or 4.00% more than it was the fiscal year before (See Figure A-3). Net investment in capital assets increased \$1,716,469 due to increases in capital assets and a decrease in capital leases, offset by current fiscal year depreciation. Restricted net position decreased \$244,049 primarily as a result of a net decrease in capital reserve and a decrease in maintenance reserve, offset by an increase in excess surplus. Unrestricted net position decreased by \$335,404 primarily due to the changes in compensated absences payable, net pension liability and deferred inflows and outflows of resources related to pensions, unexpended budget appropriations and an excess in state and local revenues.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2018/2019	2017/2018 (Restated)	2018/2019	2017/2018 (Restated)	2018/2019	2017/2018 (Restated)	
Current and Other Assets	\$ 14,671,444	\$ 12,341,727	\$ 502,560	\$ 532,971	\$ 15,174,004	\$ 12,874,698	
Capital Assets, Net	66,156,058	64,499,724	181,994	207,986	66,338,052	64,707,710	
Total Assets	<u>80,827,502</u>	<u>76,841,451</u>	<u>684,554</u>	<u>740,957</u>	<u>81,512,056</u>	<u>77,582,408</u>	5.07%
Deferred Outflows of Resources	<u>7,977,076</u>	<u>11,215,345</u>			<u>7,977,076</u>	<u>11,215,345</u>	-28.87%
Other Liabilities	8,952,532	6,314,654	342,685	333,725	9,295,217	6,648,379	
Long-Term Liabilities	36,888,889	42,526,480			36,888,889	42,526,480	
Total Liabilities	<u>45,841,421</u>	<u>48,841,134</u>	<u>342,685</u>	<u>333,725</u>	<u>46,184,106</u>	<u>49,174,859</u>	-6.08%
Deferred Inflows of Resources	<u>13,747,890</u>	<u>11,202,774</u>			<u>13,747,890</u>	<u>11,202,774</u>	22.72%
Net Position:							
Net Investment in Capital Assets	66,116,409	64,373,948	181,994	207,986	66,298,403	64,581,934	
Restricted	2,938,977	3,183,026			2,938,977	3,183,026	
Unrestricted/(Deficit)	<u>(39,840,119)</u>	<u>(39,544,086)</u>	<u>159,875</u>	<u>199,246</u>	<u>(39,680,244)</u>	<u>(39,344,840)</u>	
Total Net Position	<u>\$ 29,215,267</u>	<u>\$ 28,012,888</u>	<u>\$ 341,869</u>	<u>\$ 407,232</u>	<u>\$ 29,557,136</u>	<u>\$ 28,420,120</u>	4.00%

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Changes in Net Position. The District's combined net position increased \$1,137,016 or 4.00%. Net position from governmental activities increased by \$1,202,379 and net position from business-type activities decreased by \$65,363 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	
Revenue:							
Program Revenue:							
Charges for Services	\$ 93,643	\$ 167,105	\$ 1,190,311	\$ 1,075,823	\$ 1,283,954	\$ 1,242,928	
Grants and Contributions:							
Operating	44,827,895	54,167,407	545,382	550,354	45,373,277	54,717,761	
Capital	3,935,989	2,027,323			3,935,989	2,027,323	
General Revenue:							
Property Taxes	115,941,279	112,636,548			115,941,279	112,636,548	
Unrestricted Federal and State Aid	1,185,833	1,521,257			1,185,833	1,521,257	
Other	893,539	448,335	117,493	239,414	1,011,032	687,749	
Total Revenue	<u>166,878,178</u>	<u>170,967,975</u>	<u>1,853,186</u>	<u>1,865,591</u>	<u>168,731,364</u>	<u>172,833,566</u>	-2.37%
Expenses:							
Instruction	86,142,065	91,385,537			86,142,065	91,385,537	
Pupil and Instruction Services	43,463,624	43,499,659			43,463,624	43,499,659	
Administrative and Business	13,818,965	14,081,758			13,818,965	14,081,758	
Maintenance and Operations	12,933,955	11,492,712			12,933,955	11,492,712	
Transportation	7,250,517	4,920,476			7,250,517	4,920,476	
Other	2,066,673	2,465,417	1,918,549	1,853,320	3,985,222	4,318,737	
Total Expenses	<u>165,675,799</u>	<u>167,845,559</u>	<u>1,918,549</u>	<u>1,853,320</u>	<u>167,594,348</u>	<u>169,698,879</u>	-1.24%
Increase/(Decrease) in Net Position	<u>\$ 1,202,379</u>	<u>\$ 3,122,416</u>	<u>\$ (65,363)</u>	<u>\$ 12,271</u>	<u>\$ 1,137,016</u>	<u>\$ 3,134,687</u>	63.73%

Governmental Activities

Net position from the District's governmental activities increased by \$1,202,379 in 2018-2019. A majority of all revenue for the Montclair Township School District is collected through property taxes. Each fiscal year, the District must seek Board of School Estimate approval for its operations.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Governmental Activities

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**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2018/2019</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2017/2018</u>
Instruction	\$ 86,142,065	\$ 91,385,537	\$ 58,012,739	\$ 57,583,589
Pupil and Instruction Services	43,463,624	43,499,659	32,761,748	30,566,872
Administrative and Business	13,818,965	14,081,758	10,924,354	10,243,664
Maintenance and Operations	12,933,955	11,492,712	7,167,052	7,113,870
Transportation	7,250,517	4,920,476	5,885,707	3,510,312
Other	2,066,673	2,465,417	2,066,673	2,465,417
	<u>\$ 165,675,799</u>	<u>\$ 167,845,559</u>	<u>\$ 116,818,273</u>	<u>\$ 111,483,724</u>

Business-Type Activities

- Net position from the District's business-type activity decreased \$65,363. (Refer to Figure A-4).

General Fund Budgetary Highlights

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Capital Asset and Long Term Liabilities Administration

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2018/2019	2017/2018 (Restated)	2018/2019	2017/2018 (Restated)	2018/2019	2017/2018 (Restated)	
Sites (Land)	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	
Buildings and Building Improvements	58,123,428	56,192,670			58,123,428	56,192,670	
Machinery and Equipment	2,845,275	3,119,699	\$ 181,994	\$ 207,986	3,027,269	3,327,685	
Total Capital Assets, Net	<u>\$66,156,058</u>	<u>\$64,499,724</u>	<u>\$ 181,994</u>	<u>\$ 207,986</u>	<u>\$ 66,338,052</u>	<u>\$ 64,707,710</u>	2.52%

The District's capital assets increased by \$1,630,342. Total capital acquisitions were \$4,157,170, offset by depreciation of \$2,526,828.

Long-Term Liabilities

At fiscal year-end, the District had \$3,297,894 in Compensated Absences Payable outstanding – a net increase of \$575,715 from the prior fiscal year (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

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

	Total School District		Percentage Change
	2018/2019	2017/2018	
Compensated Absences Payable	\$ 3,297,894	\$ 2,722,179	
Net Pension Liability	33,551,346	39,678,525	
Capital Leases Payable	39,649	125,776	
	<u>\$ 36,888,889</u>	<u>\$ 42,526,480</u>	-13.26%

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

The Audit for Fiscal Year 2019 reflects a strong financial position for the Montclair School District, which is supporting the current fiscal year (2019-2020) budget through limited use of fund balance and an increased tax levy base. Prior year contributions to the Capital Reserve account, as well as new capital projects financed with bond ordinances approved by the Board of School Estimate for issuance by the Township, are being utilized in the current year to protect the District's infrastructure and support the District's technology needs.

As the District prepares for the development of the 2020-2021 budget it will face the ongoing challenges of the State mandated 2% Cap on the Tax Levy while recurring expenses in the areas of salaries, special education costs, utilities and employee health benefits are expected to increase in excess of the cap. As the District's fund balance has returned to a level more consistent with previous norms for the District, following an historic spike in June 2011 and 2012 and four years of negative or flat tax levy, the ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 22 Valley Road, Montclair, New Jersey 07042.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 9,126,641	\$ 410,959	\$ 9,537,600
Receivables from Other Governments	2,806,952	41,734	2,848,686
Accounts Receivable - Other	588,235		588,235
Student Accounts Receivable (less allowance of \$114,174)		15,000	15,000
Interfund Receivable	38,646		38,646
Inventory		15,775	15,775
Prepaid Expenses		19,092	19,092
Restricted Cash and Cash Equivalents	2,110,970		2,110,970
Capital Assets, Net:			
Sites (Land)	5,187,355		5,187,355
Depreciable Buildings and Building Improvements and Machinery and Equipment	60,968,703	181,994	61,150,697
Total Assets	<u>80,827,502</u>	<u>684,554</u>	<u>81,512,056</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources Related to Pensions	<u>7,977,076</u>		<u>7,977,076</u>
Total Deferred Outflows of Resources	<u>7,977,076</u>		<u>7,977,076</u>
LIABILITIES:			
Accounts Payable	\$ 6,510,196	\$ 28,917	\$ 6,539,113
Accrued Liability for Health Benefit Claims	2,154,454		2,154,454
Unearned Revenue	215,085	313,768	528,853
Payable to State Government	72,797		72,797
Noncurrent Liabilities:			
Due Within One Year	49,695		49,695
Due Beyond One Year	36,839,194		36,839,194
Total Liabilities	<u>45,841,421</u>	<u>342,685</u>	<u>46,184,106</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	<u>13,747,890</u>		<u>13,747,890</u>
Total Deferred Inflows of Resources	<u>13,747,890</u>		<u>13,747,890</u>
NET POSITION:			
Net Investment in Capital Assets	66,116,409	181,994	66,298,403
Restricted for:			
Capital Projects	1,176,692		1,176,692
Maintenance	934,278		934,278
Excess Surplus	828,007		828,007
Unrestricted/(Deficit)	<u>(39,840,119)</u>	<u>159,875</u>	<u>(39,680,244)</u>
Total Net Position	<u>\$ 29,215,267</u>	<u>\$ 341,869</u>	<u>\$ 29,557,136</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 63,995,455	\$ 93,643	\$ 15,462,561	\$ 39,863	\$ (48,399,388)		\$ (48,399,388)
Special Education	16,803,010		11,373,278		(5,429,732)		(5,429,732)
Other Special Instruction	3,087,101		673,796		(2,413,305)		(2,413,305)
School Sponsored Instruction	2,256,499		486,185		(1,770,314)		(1,770,314)
Support Services:							
Tuition	7,335,532		1,128,741		(6,206,791)		(6,206,791)
Student & Instruction Related Services	36,128,092		9,573,135		(26,554,957)		(26,554,957)
General Administrative Services	2,395,882		174,381		(2,221,501)		(2,221,501)
School Administrative Services	7,922,147		1,957,041		(5,965,106)		(5,965,106)
Central Services	2,134,357		516,397		(1,617,960)		(1,617,960)
Administrative Information Technology	1,366,579		246,792		(1,119,787)		(1,119,787)
Plant Operations and Maintenance	12,933,955		1,870,778	3,896,126	(7,167,051)		(7,167,051)
Pupil Transportation	7,250,517		1,364,810		(5,885,707)		(5,885,707)
Charter Schools	42,971				(42,971)		(42,971)
Unallocated Depreciation	2,023,702				(2,023,702)		(2,023,702)
Total Governmental Activities	165,675,799	93,643	44,827,895	3,935,989	(116,818,272)		(116,818,272)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,547,031	\$ 838,844	\$ 545,382		\$ (162,805)	\$ (162,805)	
Summer Programs	320,478	310,667			(9,811)	(9,811)	
Provisional Teacher	51,040	40,800			(10,240)	(10,240)	
Total Business-Type Activities	1,918,549	1,190,311	545,382		(182,856)	(182,856)	
Total Primary Government	\$ 167,594,348	\$ 1,283,954	\$ 45,373,277	\$ 3,935,989	\$ (116,818,272)	\$ (182,856)	\$ (117,001,128)

General Revenues and Transfers:

Taxes:							
Property Taxes, Levied for General Purposes, Net					115,941,279		115,941,279
Federal and State Aid Not Restricted					1,185,833		1,185,833
Investment Earnings					420,153	1,096	421,249
Miscellaneous Revenue					589,783		589,783
Transfers					(116,397)	116,397	
Total General Revenues and Transfers					118,020,651	117,493	118,138,144
Change in Net Position					1,202,379	(65,363)	1,137,016
Net Position - Beginning (Restated)					28,012,888	407,232	28,420,120
Net Position - Ending					\$ 29,215,267	\$ 341,869	\$ 29,557,136

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

FUND FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 8,497,850		\$ 628,791	\$ 9,126,641
Interfund Receivable	395,660			395,660
Receivables From Federal Government		\$ 943,955		943,955
Receivables From State Government	1,854,821	8,176		1,862,997
Accounts Receivable - Other	572,993	15,242		588,235
Restricted Cash and Cash Equivalents	2,110,970			2,110,970
Total Assets	\$ 13,432,294	\$ 967,373	\$ 628,791	\$ 15,028,458
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 4,477,597	\$ 332,553		\$ 4,810,150
Accrued Liability for Health Benefit Claims	2,154,454			2,154,454
Interfund Payable		357,014		357,014
Unearned Revenue	10,076	205,009		215,085
Payable to State Government		72,797		72,797
Total Liabilities	6,642,127	967,373		7,609,500
Fund Balances:				
Restricted:				
Capital Reserve	1,176,692			1,176,692
Maintenance Reserve	934,278			934,278
Excess Surplus	260,986			260,986
Excess Surplus - For Subsequent Year's Expenditures	567,021			567,021
Committed:				
Capital Projects Fund			\$ 1,028,082	1,028,082
Assigned:				
Year-End Encumbrances	444,131			444,131
For Subsequent Year's Expenditures	432,979			432,979
Unassigned/(Deficit)	2,974,080		(399,291)	2,574,789
Total Fund Balances/(Deficit)	6,790,167		628,791	7,418,958
Total Liabilities and Fund Balances	\$ 13,432,294	\$ 967,373	\$ 628,791	\$ 15,028,458

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	66,156,058
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,337,543)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not Due and Payable in the Current Period and are not Reported in the Governmental Funds.	(33,551,346)
Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	6,277,030
Deferred Inflows of Resources Related to Pensions	(13,747,890)
Net Position of Governmental Activities	\$ 29,215,267

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 115,941,279			\$ 115,941,279
Tuition	93,643			93,643
Interest Earned on Capital Reserve Funds	3,249			3,249
Rents and Royalties	163,536			163,536
Miscellaneous	830,441	\$ 124,913	\$ 12,710	968,064
Total - Local Sources	117,032,148	124,913	12,710	117,169,771
State Sources	28,895,154	882,955		29,778,109
Federal Sources	72,816	2,585,257		2,658,073
Total Revenue	146,000,118	3,593,125	12,710	149,605,953
EXPENDITURES:				
Current:				
Regular Instruction	39,443,602	243,141		39,686,743
Special Education Instruction	9,836,179	703,792		10,539,971
Other Special Instruction	2,030,686			2,030,686
School Sponsored Instruction	1,494,818			1,494,818
Support Services and Undistributed Costs:				
Tuition	6,300,434	1,035,098		7,335,532
Student & Instruction Related Services	21,730,234	1,571,231		23,301,465
General Administration Services	2,074,750			2,074,750
School Administration Services	4,787,560			4,787,560
Central Services	1,363,776			1,363,776
Administration Information Technology	838,030			838,030
Plant Operations and Maintenance	9,717,222			9,717,222
Pupil Transportation	7,066,626			7,066,626
Unallocated Benefits	39,199,306			39,199,306
Capital Outlay	325,725	39,863	3,896,126	4,261,714
Charter School	42,971			42,971
Total Expenditures	146,251,919	3,593,125	3,896,126	153,741,170
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(251,801)		(3,883,416)	(4,135,217)
OTHER FINANCING SOURCES/(USES):				
Montclair Improvement Authorizations			3,896,126	3,896,126
Transfers In	12,710		1,007,455	1,020,165
Transfers Out	(1,123,852)		(12,710)	(1,136,562)
Total Other Financing Sources/(Uses)	(1,111,142)		4,890,871	3,779,729
Net Change in Fund Balances	(1,362,943)		1,007,455	(355,488)
Fund Balance (Deficit)—July 1	8,153,110		(378,664)	7,774,446
Fund Balance (Deficit)—June 30	\$ 6,790,167	\$ -0-	\$ 628,791	\$ 7,418,958

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (355,488)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

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

Depreciation expense	\$ (2,495,684)
Capital outlays	4,152,018
	1,656,334

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

(575,715)

Repayment of capital 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.

86,127

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	6,127,179
Change in Deferred Outflows of Resources Related to Pensions	(3,190,942)
Change in Deferred Inflows of Resources Related to Pensions	(2,545,116)
	391,121

391,121

Total Change in Net Position - Governmental Activities (Exhibit A-2)

\$ 1,202,379

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 57,966	\$ 352,993	\$ 410,959
Intergovernmental Accounts Receivable:			
State	1,260		1,260
Federal	40,474		40,474
Accounts Receivable:			
Student Accounts - (less allowance of \$114,174)	15,000		15,000
Inventories	15,775		15,775
Prepaid Expenses		19,092	19,092
Total Current Assets	130,475	372,085	502,560
Non-Current Assets:			
Capital Assets	553,574		553,574
Less: Accumulated Depreciation	(371,580)		(371,580)
Total Non-Current Assets	181,994		181,994
Total Assets	312,469	372,085	684,554
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	68,669	245,099	313,768
Accounts Payable	28,917		28,917
Total Liabilities	97,586	245,099	342,685
NET POSITION:			
Investment in Capital Assets	181,994		181,994
Unrestricted	32,889	126,986	159,875
Total Net Position	\$ 214,883	\$ 126,986	\$ 341,869

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

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

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 548,580		\$ 548,580
Non-Reimbursable Programs	278,075		278,075
Total Daily Sales	<u>826,655</u>		<u>826,655</u>
Special Functions	12,189		12,189
Program Fees		\$ 310,667	310,667
Mentor Fees		40,800	40,800
Total Operating Revenue	<u>838,844</u>	<u>351,467</u>	<u>1,190,311</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	582,656		582,656
Non-Reimbursable Programs	105,726		105,726
Total Cost of Sales	<u>688,382</u>		<u>688,382</u>
Salaries, Benefits & Payroll Taxes	532,567	307,114	839,681
Administrative Expenses	98,649	22,974	121,623
Supplies and Materials	95,502	41,430	136,932
Management Fee	96,225		96,225
Miscellaneous Expenses	4,562		4,562
Depreciation Expense	31,144		31,144
Total Operating Expenses	<u>1,547,031</u>	<u>371,518</u>	<u>1,918,549</u>
Operating Loss	(708,187)	(20,051)	(728,238)
Non-Operating Revenue:			
Local Sources:			
Interest Income	1,096		1,096
State Sources:			
State School Lunch Program	13,832		13,832
Federal Sources:			
School Breakfast Program	52,960		52,960
National School Lunch Program	402,689		402,689
Food Distribution Program	75,901		75,901
Total Non-Operating Revenue	<u>546,478</u>		<u>546,478</u>
Change in Net Position Before Transfers	(161,709)	(20,051)	(181,760)
Transfer In - General Fund	116,397		116,397
Change in Net Position After Transfers	(45,312)	(20,051)	(65,363)
Net Position - Beginning of Year (Restated)	<u>260,195</u>	<u>147,037</u>	<u>407,232</u>
Net Position - End of Year	<u>\$ 214,883</u>	<u>\$ 126,986</u>	<u>\$ 341,869</u>

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

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

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 826,833	\$ 333,533	\$ 1,160,366
Receipts from Special Function	15,033		15,033
Payments to Employees		(297,479)	(297,479)
Payments to Food Service Management Contractor	(1,385,426)		(1,385,426)
Payments to Suppliers	(44,745)	(47,970)	(92,715)
Other Payments		(16,434)	(16,434)
Net Cash Used for Operating Activities	<u>(588,305)</u>	<u>(28,350)</u>	<u>(616,655)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	<u>(5,152)</u>		<u>(5,152)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(5,152)</u>		<u>(5,152)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	<u>1,096</u>		<u>1,096</u>
Net Cash Provided by Investing Activities	<u>1,096</u>		<u>1,096</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	461,612		461,612
Cash Received from Transfers - General Fund	<u>116,397</u>		<u>116,397</u>
Net Cash Provided by Noncapital Financing Activities	<u>578,009</u>		<u>578,009</u>
Net Decrease in Cash and Cash Equivalents	(14,352)	(28,350)	(42,702)
Cash and Cash Equivalents, July 1	<u>72,318</u>	<u>381,343</u>	<u>453,661</u>
Cash and Cash Equivalents, June 30	<u>\$ 57,966</u>	<u>\$ 352,993</u>	<u>\$ 410,959</u>
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating Loss	\$ (708,187)	\$ (20,051)	\$ (728,238)
Adjustment to Reconcile Operating (Loss) to			
Net Cash Used for Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	75,901		75,901
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	3,905		3,905
Decrease in Inventory	1,129		1,129
(Increase) in Prepaid Expenses		(9,456)	(9,456)
Increase in Unearned Revenue	5,827	1,157	6,984
Increase in Accounts Payable	<u>1,976</u>		<u>1,976</u>
Net Cash Used for Operating Activities	<u>\$ (588,305)</u>	<u>\$ (28,350)</u>	<u>\$ (616,655)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$81,550 and utilized \$75,901 for the fiscal year ended June 30, 2019.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency	Unemployment Compensation Trust
ASSETS:		
Cash and Cash Equivalents	\$ 462,179	\$ 405,943
Total Assets	462,179	405,943
LIABILITIES:		
Interfund Payable - General Fund	38,646	
Due to Student Groups	400,879	
Payroll Deductions and Withholdings	22,654	
Total Liabilities	462,179	
NET POSITION:		
Held in Trust for Unemployment Compensation Claims		405,943
Total Net Position	\$ -0-	\$ 405,943

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee Contributions	\$ 199,709
Total Contributions	<u>199,709</u>
Investment Earnings:	
Interest	8,231
Net Investment Earnings	<u>8,231</u>
Total Additions	<u>207,940</u>
Deductions	
Unemployment Compensation Claims	<u>227,630</u>
Total Deductions	<u>227,630</u>
Change in Net Position	(19,690)
Net Position - Beginning of the Year	<u>425,633</u>
Net Position - End of the Year	<u><u>\$ 405,943</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Montclair Township 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. The District is a component unit of the Township of Montclair under the provisions of GASB Codification Section 2100.

B. Basis of Presentation

District-Wide Financial Statements:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all 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 non-instructional equipment which are classified in the capital outlay sub-fund.

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the Township of Montclair and from aid provided by the state to offset the cost of approved capital projects. There are also several projects financed with capital reserve funds.

Debt Service Fund: Because School District capital projects are authorized by the Township of Montclair under a bond ordinance and the subsequent debt is funded directly from the Township budget, the Debt Service Fund does not apply to the Montclair Township School District.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the District's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Food Service, Provisional Teacher, and Summer Programs. These Enterprise 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 or to the public on a continuing basis is financed or recovered primarily through user charges. None of the District's individual Enterprise Funds except for the Food Service Fund are considered to be major programs.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office by the Board of School Estimate and was approved by a vote of the Board of School Estimate. 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. All budget amendments/transfers must be made by School Board resolution. All budgeting 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 budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in 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. The capital projects fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the Township ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the Township.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 146,061,011	\$ 3,529,332
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(58,973)
Prior Year Encumbrances		128,509
Prior Year Encumbrances Canceled		(5,743)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	665,447	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(726,340)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 146,000,118	\$ 3,593,125
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 146,251,919	\$ 3,529,332
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		
Current Year Encumbrances		(58,973)
Prior Year Encumbrances		128,509
Prior Year Encumbrances Canceled		(5,743)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 146,251,919	\$ 3,593,125

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	Capital Projects Fund	
	Revenue and Other Financing Sources	Fund Balance
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ 7,600,647	\$ 8,621,597
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	(2,709,776)	(7,992,806)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 4,890,871	\$ 628,791

E. Cash and Cash Equivalents

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 a pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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 sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. 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

As of June 30, 2019 and 2018, the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amounts of \$114,174 and \$99,907, respectively. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

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 the 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 expenditures during the year of purchase.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

K. Capital Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 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. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2019, the balance in the summer savings was paid to the District employees.

M. Long Term Liabilities

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond 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, 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

N. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent 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 in more than one year.

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$6,790,167 General Fund fund balance at June 30, 2019, \$444,131 is assigned for encumbrances; \$1,176,692 is restricted in the capital reserve; \$934,278 is restricted in the maintenance reserve; \$828,007 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) (\$567,021 is prior year excess surplus which is included as anticipated revenue for the year ending June 30, 2020 and the remaining \$260,986 is current year excess surplus which will be included as anticipated revenue for the year ending June 30, 2021); \$432,979 is assigned fund balance designated for subsequent year's expenditures, and \$2,974,080 is unassigned which is \$726,340 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis.

Capital Projects Fund: The Capital Projects Fund has a \$(399,291) deficit in unassigned fund balance and \$1,028,082 in committed fund balance at June 30, 2019 due to the SDA grants and Township receivables not recognized on the GAAP basis.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General 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 year's budget. The excess surplus at June 30, 2019 is \$828,007.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$726,340 as reported in the fund financial statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 the 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 state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. 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. The District had deferred outflows of resources related to pensions at June 30, 2019.

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 deferred inflows of resources related to pensions at June 30, 2019.

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

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

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

R. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$39,840,119 in governmental activities, which is primarily a result of compensated absences payable, capital projects, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions. The District's Capital Projects Fund has a deficit unassigned fund balance of \$(399,291) as of June 30, 2019.

These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve and a maintenance reserve.

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 committed resources in the Capital Projects Fund at June 30, 2019.

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

T. Revenue - Exchange and Non-exchange Transactions

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

T. Revenue - Exchange and Non-exchange Transactions (Cont'd)

Non-exchange 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 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 non-exchange 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 available as an advance, interest and tuition.

U. Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are for food service, provisional teacher, and summer programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Funds.

V. Management Estimates

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

W. Pensions

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, 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 District 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 District 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 District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk - The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

Investments:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

(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, 2019, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	
Checking and Savings Accounts	<u>\$ 10,405,722</u>	<u>\$ 1,176,692</u>	<u>\$ 934,278</u>	<u>\$ 12,516,692</u>

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$12,516,692 and the bank balance was \$15,895,813.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Montclair Township School District by inclusion of \$1 on September 30, 2000 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 year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance July 1, 2018		\$ 1,498,646
Increased by:		
Board Resolution June 17, 2019		1,000,000
Return of Unexpended Capital Outlay		151,252
Interest Earnings		3,249
		2,653,147
Decreased by:		
Withdrawal by Board Resolution to Capital Outlay		(469,000)
Withdrawal by Board Resolution to Capital Projects Fund		(1,007,455)
		(1,476,455)
Balance June 30, 2019		\$ 1,176,692

The balance in the capital reserve at June 30, 2019 did not exceed the balance of the local support costs of uncompleted capital projects in the District’s approved LRFP. Withdrawals from the 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 in the amount of \$500,000 was established by the Montclair Township School District on June 18, 2012. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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 year in the advertised recapitulation of balances of the subsequent 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 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 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 year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current 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 year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Balance July 1, 2018	\$ 1,084,278
Decreased by:	
Budgeted Withdrawal	(150,000)
Balance June 30, 2019	\$ 934,278

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2019, there was \$588,532 in transfers to the capital outlay accounts. \$33,594 of the transfers were for equipment which did not require County Superintendent approval and \$554,938 of the transfers were for facilities acquisition and construction services which required County Superintendent approval.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 7. CAPITAL ASSETS

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

	Beginning Balance (Restated)	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	<u>5,187,355</u>			<u>5,187,355</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	80,635,354	\$ 3,896,126		84,531,480
Machinery and Equipment	7,012,130	255,892		7,268,022
Total Capital Assets Being Depreciated	<u>87,647,484</u>	<u>4,152,018</u>		<u>91,799,502</u>
Governmental Activities Capital Assets	<u>92,834,839</u>	<u>4,152,018</u>		<u>96,986,857</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(24,442,684)	(1,965,368)		(26,408,052)
Machinery and Equipment	(3,892,431)	(530,316)		(4,422,747)
	<u>(28,335,115)</u>	<u>(2,495,684)</u>		<u>(30,830,799)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 64,499,724</u>	<u>\$ 1,656,334</u>	<u>\$ -0-</u>	<u>\$ 66,156,058</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 548,422	\$ 5,152		\$ 553,574
Less Accumulated Depreciation	(340,436)	(31,144)		(371,580)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 207,986</u>	<u>\$ (25,992)</u>	<u>\$ -0-</u>	<u>\$ 181,994</u>

The District had active construction projects totaling \$42,426,754 with unexpended balances of \$8,621,597 as of June 30, 2019. The District had \$1,343,402 in outstanding construction commitments at June 30, 2019.

The increases totaling \$4,157,170 represent current fiscal year capitalized expenditures in the general fund, special revenue fund, capital projects fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 42,842
Student & Instruction Related Services	12,223
General Administrative Services	74,993
School Administrative Services	8,519
Administration Information Technology	143,505
Plant Operations and Maintenance	172,151
Pupil Transportation	17,749
Unallocated	<u>2,023,702</u>
	<u>\$ 2,495,684</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019
Compensated Absences Payable	\$ 2,722,179	\$ 633,933	\$ 58,218	\$ 3,297,894
Net Pension Liability	39,678,525	58,881	6,186,060	33,551,346
Capital Leases Payable	125,776		86,127	39,649
	<u>\$42,526,480</u>	<u>\$ 692,814</u>	<u>\$ 6,330,405</u>	<u>\$36,888,889</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the Township of Montclair by adopting an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township of Montclair are general obligation bonds of the Township of Montclair and are not recorded as debt of the Montclair Township School District.

B. Capital Leases Payable:

The District has a commitment to lease a school bus under a capital lease totaling \$97,140 of which \$57,491 has been liquidated as of June 30, 2019. The lease is for five years with the final payment occurring in fiscal year 2020-21. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2019.

<u>Year</u>	<u>Amount</u>
2020	\$ 20,931
2021	20,931
	41,862
Less: Amount representing interest	<u>(2,213)</u>
Total future minimum lease payments	<u>\$ 39,649</u>

The current portion of capital leases payable at June 30, 2019 is \$19,464 and the long-term portion is \$20,185. Capital leases payable will be liquidated by the General Fund.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$30,231 and the long-term liability balance is \$3,267,663. Compensated absences will be liquidated through the General Fund.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

C. Compensated Absences Payable: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$32,680,085. See Note 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$871,261. See Note 9 for further information on the he Board of Education Employee's Pension Fund of Essex County.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and 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 member 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 55 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. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,710,502 for fiscal year 2019.

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

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

At June 30, 2019, the District reported a liability of \$32,680,085 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.166%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,137,798. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2014	6.44	\$ 258,666	
	2015	5.72	1,167,457	
	2016	5.57	3,959,014	
	2017	5.48		\$ 6,024,326
	2018	5.63		4,425,027
Subtotal			5,385,137	10,449,353
Changes in Proportion:	2014	6.44	37,147	
	2015	5.72	231,532	
	2016	5.57		449,874
	2017	5.48		2,156,643
	2018	5.63		182,711
Subtotal			268,679	2,789,228
Difference Between Expected and Actual Experience:	2015	5.72	323,906	
	2016	5.57	120,145	
	2017	5.48	179,163	
	2018	5.63		168,509
Subtotal			623,214	168,509
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2015	5.00		(197,475)
	2016	5.00		(1,103,983)
	2017	5.00		993,639
	2018	5.00		614,360
Subtotal				306,541
District Contribution Subsequent to the Measurement Date	2018	1.00	1,603,037	
			\$ 7,880,067	\$ 13,713,631

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd).

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 226,817
2020	(314,031)
2021	(2,251,856)
2022	(1,951,944)
2023	(625,038)
	\$ (4,916,052)

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 41,091,442	\$ 32,680,085	\$ 25,623,495

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$10,655,434 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$19,739,413.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$338,603,725. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.532%, which was a decrease of 0.009% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>338,603,725</u>
Total	<u>\$ 338,603,725</u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$19,739,413 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred 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
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Investment Rate of Return	7.00%

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

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

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

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

	June 30, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 400,223,172	\$ 338,603,725	\$ 287,522,704

Pension Plan Fiduciary Net Position - TPAF

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 \$175,658 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$230,391 for the fiscal year ended June 30, 2019.

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws.

The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as $1/45^{\text{th}}$ of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute. District contributions to the Plan amounted to \$91,680 for fiscal year 2019.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

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

At June 30, 2019, the District reported a liability of \$871,261 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 2.611%, which was an increase of 0.026% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$213,989. At June 30, 2019, the District reported deferred outflows and inflows of resources related to pension from the sources noted in the below table. For the fiscal year ended June 30, 2019, the District amortized the deferred outflow of resources and inflows at June 30, 2018 by the amount to be amortized for the fiscal year ended June 30, 2019 per the June 30, 2018 actuarial valuation.

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2015	5 years		\$ (5,753)
2016	5 years		(72,718)
2017	5 years		59,541
2018	5 years		9,852
2019	5 years		43,337
Subtotal			34,259
District Contribution Subsequent to the Measurement			
Date - 2019	1 year	\$ 97,009	
		\$ 97,009	\$ 34,259

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ 11,133
2021	5,382
2022	(30,977)
2023	(11,130)
2024	(8,667)
	\$ (34,259)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Actuarial Assumptions

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

Inflation Rate	2.00%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	6.00%
Cost of Living Adjustments ("COLA")	2.00%

The mortality rates were based on the 110% of the Public Sector General and Non-Safety Disabled Annuitant Mortality Tables (PubG-2010) projected generationally with scale MP-2018.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments 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 weighing 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 including in the Plan's target asset allocation as of June 30, 2019 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. Fixed Income	50.00%	1.96%
U.S. Large CAP Equities	40.00%	6.41%
U.S. Small CAP Equities	10.00%	6.41%

* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 6.00% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. 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 periods of projected benefit payments to determine the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate of 6.00%, 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, 2019		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the Net Pension Liability	\$ 1,177,383	\$ 871,261	\$ 606,180

Pension Plan Fiduciary Net Position

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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 OPEB obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

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

Employees Covered by Benefit Terms

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

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 232,332,585
Changes for Year:	
Service Cost	8,618,450
Interest Cost	8,534,408
Difference Between Expected and Actual Experience	(21,290,781)
Changes in Assumptions	(22,959,107)
Member Contributions	184,898
Gross Benefit Payments	(5,349,818)
Net Changes	(32,261,950)
Balance at June 30, 2018	\$ 200,070,635

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

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

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 236,524,218	\$ 200,070,635	\$ 171,093,801

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

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

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 165,370,032	\$ 200,070,635	\$ 245,963,510

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$9,342,978 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

	<u>Year of Deferral</u>	<u>Original Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54 years		\$ (24,301,955)
Changes in Assumptions	2018	9.51 years		<u>(20,544,900)</u>
				(44,846,855)
Difference Between Expected and Actual Experience	2018	9.51 years		(19,421,323)
Changes in Proportion	N/A	N/A	<u>\$ 764,912</u>	
			<u>\$ 764,912</u>	<u>\$ (64,268,178)</u>

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District, excluding changes in proportion, will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (7,919,454)
2020	(7,919,454)
2021	(7,919,454)
2022	(7,919,454)
2023	(7,919,454)
Total Thereafter	<u>(24,670,908)</u>
	<u>\$ (64,268,178)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health and dental coverages through Cigna and Delta Dental, respectively.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 8,231	\$ 199,709	\$ 227,630	\$ 405,943
2017-2018	5,496	209,224	265,099	425,633
2016-2017	1,550	194,973	218,170	476,012

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 395,660	
Special Revenue Fund		\$ 357,014
Fiduciary Funds - Payroll Agency		38,646
	<u>\$ 395,660</u>	<u>\$ 395,660</u>

The Special Revenue interfund payable to the General Fund represents an interfund loan due to federal grant reimbursement requests not yet received and the Payroll Agency Fiduciary Fund interfund payable to the General Fund represents an interfund advance.

During the fiscal year, the General Fund transferred \$1,007,455 from the Capital Reserve to the Capital Projects Fund for the local share of capital projects and \$116,397 to the Food Service Enterprise Fund for the budgeted Board Contribution and the Capital Projects Fund transferred \$12,710 of interest earnings to the General Fund.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 13. 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). These plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln National Life Insurance Company
Valic

MetLife Investors
AXA Equitable

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal, state and local 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 15. TAX CALENDAR

Property taxes are levied 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 local school district on a predetermined mutually agreed-upon schedule.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

The District has several pending lawsuits regarding unilateral placement of special education students and a pending appeal. The District is confident it will prevail; however, a loss of the appeal and compensatory services accumulation for all pending cases could be material.

The District is also periodically involved in claims and lawsuits arising from operations. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

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

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 444,131	\$ 58,973	\$ 1,343,402	\$ 1,846,506

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$58,973 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on the GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$1,343,402 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,028,082 committed and \$(399,291) deficit unassigned fund balances on the GAAP basis at June 30, 2019.

NOTE 17. ACCRUED LIABILITY FOR HEALTH BENEFIT CLAIMS

Effective July 1, 2018, the District switched health benefit plans from a minimum premiums contract to a traditional plan. The accrued liability for health benefit claims reported on the balance sheet as of June 30, 2019, represents an estimate of the ultimate net cost of all incurred but not reported ("IBNR") claims as of June 30, 2018. These claims are in the process of being evaluated to determine the ultimate actual liability and final closeout which the District anticipates to be finalized during the 2019-2020 year.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 18. ACCOUNTS PAYABLE

At June 30, 2019, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	<u>Governmental Funds</u>		District Contribution Subsequent	
	General Fund	Special Revenue Fund	to Measurement Date	Total Governmental Activities
Salaries	\$ 2,598,334	\$ 14,542		\$ 2,612,876
Vendors	1,855,103	318,011		2,173,114
Due to:				
Other Governmental Units	24,160		\$ 97,009	121,169
State of New Jersey			1,603,037	1,603,037
	<u>\$ 4,477,597</u>	<u>\$ 332,553</u>	<u>\$ 1,700,046</u>	<u>\$ 6,510,196</u>

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.

The Township of Montclair recognized revenue in the amount of \$3,145,473 from twelve payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2018 without the abatement would have been \$4,940,211 of which \$2,795,834 would have been for the local school tax.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements to adjust capital assets due to an updated appraisal report as of June 30, 2019. As a result, the District Wide Financial Statements as of June 30, 2018 have been restated as follows:

	Balance 6/30/18 as Previously Reported	Retroactive Adjustments	Balance 6/30/18 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	\$ 64,856,431	\$(5,544,062)	\$ 59,312,369
Total Assets	82,385,513	(5,544,062)	76,841,451
Net Position:			
Net Investment in Capital Assets	69,918,010	(5,544,062)	64,373,948
Total Net Position	33,556,950	(5,544,062)	28,012,888
 <u>Statement of Net Position - Business Type Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	266,026	(58,040)	207,986
Total Assets	798,997	(58,040)	740,957
Net Position:			
Investment in Capital Assets	266,026	(58,040)	207,986
Total Net Position	465,272	(58,040)	407,232

**SCHEDULES OF
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.1834481391%	0.1874481079%	0.1825392922%	0.1669622573%	0.1659772101%
District's proportionate share of the net pension liability	\$ 34,346,509	\$ 42,078,344	\$ 54,062,903	\$ 38,866,145	\$ 32,680,085
District's covered employee payroll	\$ 12,540,380	\$ 12,661,086	\$ 11,630,446	\$ 11,630,446	\$ 11,582,100
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.89%	332.34%	464.84%	334.18%	282.16%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,512,320	\$ 1,611,551	\$ 1,621,653	\$ 1,557,423	\$ 1,710,502
Contributions in relation to the contractually required contribution	<u>(1,512,320)</u>	<u>(1,611,551)</u>	<u>(1,621,653)</u>	<u>(1,557,423)</u>	<u>(1,710,502)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 12,355,799	\$ 12,540,380	\$ 12,661,086	\$ 12,661,086	\$ 11,630,446
Contributions as a percentage of covered employee payroll	12.24%	12.85%	12.81%	12.30%	14.71%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%	0.5412744521%	0.5322463961%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891	\$ 364,946,753	\$ 338,603,725
District's covered employee payroll	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767	\$ 57,138,745
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	506.48%	591.95%	740.71%	631.34%	592.60%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 14,987,219	\$ 19,766,822	\$ 31,325,127	\$ 25,281,663	\$ 19,739,413
Contributions in relation to the contractually required contribution	<u>(2,769,148)</u>	<u>(4,243,184)</u>	<u>(5,875,393)</u>	<u>(7,838,111)</u>	<u>(10,655,434)</u>
Contribution deficiency/(excess)	<u>\$ 12,218,071</u>	<u>\$ 15,523,638</u>	<u>\$ 25,449,734</u>	<u>\$ 17,443,552</u>	<u>\$ 9,083,979</u>
District's covered employee payroll	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767	\$ 57,138,745
Contributions as a percentage of covered employee payroll	5.04%	7.76%	10.44%	13.56%	18.65%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	2.3974085%	2.5248930%	2.4391226%	2.5850148%	2.6108486%
District's Proportionate Share of the Net Pension Liability	\$ 923,455	\$ 913,972	\$ 697,105	\$ 812,380	\$ 871,261
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	75.39%	79.51%	77.36%	75.78%
* - Fiduciary Net Position Excludes: Amount Designated for Insurance Benefits	\$ 19,628,046	\$ 19,972,514	\$ 21,556,614	\$ 22,656,498	\$ 24,050,359

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 140,315	\$ 131,301	\$ 100,564	\$ 101,416	\$ 91,680
Contributions in Relation to the Contractually Required Contribution	<u>(140,315)</u>	<u>(131,301)</u>	<u>(100,564)</u>	<u>(101,416)</u>	<u>(91,680)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	<u>Fiscal Years Ending June 30,</u>	
	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 8,618,450	\$ 10,369,245
Interest Cost	8,534,408	7,346,466
Difference Between Expected and Actual Experience	(21,290,781)	
Changes in Assumptions	(22,959,107)	(30,174,830)
Member Contributions	184,898	198,154
Gross Benefit Payments	<u>(5,349,818)</u>	<u>(5,381,316)</u>
Net Change in Total OPEB Liability	(32,261,950)	(17,642,281)
Total OPEB Liability - Beginning	<u>232,332,585</u>	<u>249,974,866</u>
Total OPEB Liability - Ending	<u>\$ 200,070,635</u>	<u>\$ 232,332,585</u>
District's Covered Employee Payroll *	\$ 67,867,268	\$ 66,319,943
Total OPEB Liability as a Percentage of Covered Employee Payroll	295%	350%

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2018	2017
Discount Rate	5.66%	5.00%
Municipal Bond Rate	3.87%	3.58%

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2018	2017
Discount Rate	4.86%	4.25%
Municipal Bond Rate	3.87%	3.58%
Salary Increases:		
2011 - 2026	1.55% - 4.55%	
Thereafter	2.00% - 5.45%	
2012 - 2021		Varies based on
Thereafter		experience

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

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

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none.

Changes of Assumptions

Mortality table change increases the actuarial accrued liability by 3.5% and the normal cost by 4.4%.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The mortality rates utilized in the June 30, 2017 valuation were as follows: Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

The mortality rates utilized in the June 30, 2018 valuation were as follows: Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

The health care trend rates utilized in the June 30, 2017 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates utilized in the June 30, 2018 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

BUDGETARY COMPARISON SCHEDULES

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 115,941,279		\$ 115,941,279	\$ 115,941,279	\$ (6,357)
Tuition - From Individuals	100,000		100,000	93,643	3,249
Interest Earned on Capital Reserve				3,249	
Rents and Royalties	110,000		110,000	163,536	53,536
Unrestricted Miscellaneous Revenue	175,000		175,000	830,441	655,441
Total - Local Sources	116,326,279		116,326,279	117,032,148	705,869
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	5,175,373		5,175,373	5,175,373	
Adjustment Aid	322,539		322,539	322,539	
Security Aid	755,225		755,225	755,225	
Extraordinary Aid	500,000		500,000	1,579,938	1,079,938
Nonpublic Transportation Aid				72,790	72,790
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				4,934,461	4,934,461
Pension				10,655,434	10,655,434
Non-Contributory Insurance				223,046	223,046
Long-Term Disability Insurance				8,249	8,249
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,053,603	4,053,603
Total State Sources	7,928,526		7,928,526	28,956,047	21,027,521
Federal Sources:					
Medicaid Reimbursement	102,574		102,574	72,816	(29,758)
Total Federal Sources	102,574		102,574	72,816	(29,758)
TOTAL REVENUES	124,357,379		124,357,379	146,061,011	21,703,632

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,611,733	\$ 36,130	\$ 1,647,863	\$ 1,647,863	
Grades 1-5 - Salaries of Teachers	14,078,286	233,496	14,311,782	14,311,771	\$ 11
Grades 6-8 - Salaries of Teachers	9,967,210	(259,707)	9,707,503	9,707,497	6
Grades 9-12 - Salaries of Teachers	10,572,605	2,358	10,574,963	10,574,958	5
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	13,946	113,946	113,945	1
Purchased Professional-Educational Services	61,685	1,168	62,853	62,852	1
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	886,998	64,778	951,776	951,775	1
Other Purchased Services (400-500 Series)	390,235	(89,157)	301,078	301,069	9
General Supplies	1,786,737	(149,977)	1,636,760	1,566,098	70,662
Textbooks	411,416	(195,549)	215,867	205,774	10,093
Total Regular Programs - Instruction	39,866,905	(342,514)	39,524,391	39,443,602	80,789
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	839,054	(89,798)	749,256	749,256	
General Supplies	8,000	(5,430)	2,570	2,569	1
Total Learning and/or Language Disabilities	847,054	(95,228)	751,826	751,825	1
Behavioral Disabilities:					
Salaries of Teachers	372,116	6,027	378,143	378,143	
General Supplies	5,256	(1,165)	4,091	4,091	
Total Behavioral Disabilities	377,372	4,862	382,234	382,234	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Multiple Disabilities:					
Salaries of Teachers	\$ 192,982	\$ 996	\$ 193,978	\$ 193,978	
General Supplies	3,000	(1,950)	1,050	1,049	\$ 1
Total Multiple Disabilities	195,982	(954)	195,028	195,027	1
Resource Room/Resource Center:					
Salaries of Teachers	7,470,466	(53,681)	7,416,785	7,416,785	
General Supplies	4,441	5,304	9,745	9,743	2
Total Resource Room/Resource Center	7,474,907	(48,377)	7,426,530	7,426,528	2
Autism:					
Salaries of Teachers	440,156	(2,118)	438,038	438,038	
General Supplies	12,000	(6,307)	5,693	5,693	
Total Autism	452,156	(8,425)	443,731	443,731	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	449,070	31,611	480,681	480,680	1
General Supplies	11,000	1,937	12,937	12,936	1
Total Preschool Disabilities - Full-Time	460,070	33,548	493,618	493,616	2
Home Instruction:					
Salaries of Teachers	100,000	(15,240)	84,760	84,759	1
Purchased Professional-Educational Services	53,188	5,272	58,460	58,459	1
Total Home Instruction	153,188	(9,968)	143,220	143,218	2
Total Special Education Instruction	9,960,729	(124,542)	9,836,187	9,836,179	8

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,114,533	\$ 38,938	\$ 1,153,471	\$ 1,153,471	
General Supplies	2,000	1,187	3,187	3,186	\$ 1
Total Basic Skills/Remedial - Instruction	1,116,533	40,125	1,156,658	1,156,657	1
Bilingual Education - Instruction:					
Salaries of Teachers	140,367	52,144	192,511	192,511	
General Supplies	800	108	908	907	1
Textbooks	5,000	(5,000)			
Total Bilingual Education - Instruction	146,167	47,252	193,419	193,418	1
Vocational Programs - Local - Instruction:					
Salaries of Teachers	288,522	2,829	291,351	291,351	
General Supplies	15,000	(2,395)	12,605	12,604	1
Total Vocational Programs - Local - Instruction	303,522	434	303,956	303,955	1
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	279,000	32,951	311,951	311,950	1
Purchased Services (300-500 series)	8,000	(4,524)	3,476	3,476	
Total School-Sponsored Cocurricular Activities - Instruction	287,000	28,427	315,427	315,426	1
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	891,357	(21,870)	869,487	869,485	2
Purchased Services (300-500 Series)	126,035	(14,452)	111,583	110,807	776
Supplies and Materials	186,524	(19,879)	166,645	166,643	2
Other Objects	42,030	(9,573)	32,457	32,457	
Total School-Sponsored Cocurricular Athletics - Instruction	1,245,946	(65,774)	1,180,172	1,179,392	780

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Before/After School Programs - Instruction:					
Salaries of Teachers	\$ 27,000	\$ (12,380)	\$ 14,620	\$ 14,619	\$ 1
Other Salaries of Instruction	40,000	36,301	76,301	76,301	
Total Before/After School Programs - Instruction	67,000	23,921	90,921	90,920	1
Summer School - Instruction:					
Salaries of Teachers	100,000	(45,683)	54,317	54,317	
Other Purchased Services	1,000	1,846	1,846	1,845	1
General Supplies		(1,000)			
Total Summer School - Instruction	101,000	(44,837)	56,163	56,162	1
Summer School - Support Services:					
Salaries	7,200	(4,230)	2,970	2,970	
Total Summer School - Support Services	7,200	(4,230)	2,970	2,970	
Total Summer School	108,200	(49,067)	59,133	59,132	1
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	33,000	14,324	47,324	47,321	3
Other Salaries for Instruction	25,000		25,000	25,000	
Purchased Professional and Technical Services	68,500	(1,501)	66,999	66,999	
General Supplies	7,350	(6,303)	1,047	1,047	
Total Other Supplemental/At-Risk Programs - Instruction	133,850	6,520	140,370	140,367	3

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	\$ 5,000	\$ 10,000	\$ 15,000	\$ 15,000	
Purchased Services (400-500 series)	2,000	(2,000)			
Total Other Supplemental/At-Risk Programs - Support	7,000	8,000	15,000	15,000	
Total Other Supplemental/At-Risk Programs	140,850	14,520	155,370	155,367	\$ 3
Other Instructional Programs - Instruction:					
Salaries	18,000	(11,298)	6,702	6,701	1
Purchased Services (300-500 series)	13,700	(11,418)	2,282	2,281	1
Supplies and Materials	18,500	(10,553)	7,947	7,945	2
Total Other Instructional Programs - Instruction	50,200	(33,269)	16,931	16,927	4
Community Service Programs/Operations:					
Salaries	30,000	24,310	54,310	54,310	
Total Community Service Programs/Operations	30,000	24,310	54,310	54,310	
Total Instruction	53,323,052	(436,177)	52,886,875	52,805,285	81,590
Undistributed Expenditures:					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	82,000	(80,001)	1,999	1,999	
Tuition to Other LEAs Within the State - Special	139,827	37,342	177,169	177,169	
Tuition to County Vocational School Districts - Regular	57,684	(29,543)	28,141	28,140	1
Tuition to County Vocational School Districts - Special	29,552	7,612	37,164	37,164	
Tuition to CSSD and Regional Day Schools	119,091	(95,283)	23,808	23,808	
Tuition to Private Schools for the Disabled - Within State	5,233,128	656,358	5,889,486	5,889,485	1
Tuition to Private Schools for the Disabled - Out of State		101,886	101,886	101,885	1
Tuition - State Facilities	40,784		40,784	40,784	
Total Undistributed Expenditures - Instruction (Tuition)	5,702,066	598,371	6,300,437	6,300,434	3

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 99,291	\$ 90,144	\$ 189,435	\$ 189,435	
Purchased Professional and Technical Services	154,885		154,885	154,884	\$ 1
Other Purchased Services (400-500 Series)	21,000	(583)	20,417	20,037	380
Supplies and Materials	5,000	(1,536)	3,464	770	2,694
Other Objects	10,000	(4,262)	5,738	52	5,686
Total Attendance and Social Work	290,176	83,763	373,939	365,178	8,761
Health Services:					
Salaries	1,512,862	26,582	1,539,444	1,539,442	2
Purchased Professional and Technical Services	172,400	5,759	178,159	176,017	2,142
Supplies and Materials	55,368	(7,782)	47,586	47,585	1
Total Health Services	1,740,630	24,559	1,765,189	1,763,044	2,145
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,481,915	(29,762)	2,452,153	2,452,153	
Purchased Professional - Educational Services	162,500	(85,618)	76,882	76,819	63
Supplies and Materials	42,000	(10,501)	31,499	31,497	2
Total Other Support Services - Speech, OT, PT & Related Services	2,686,415	(125,881)	2,560,534	2,560,469	65
Other Support Services - Students - Extraordinary Services:					
Salaries	6,537,977	137,722	6,675,699	6,675,697	2
Purchased Professional - Educational Services	1,090,389	51,701	1,142,090	1,142,090	
Supplies and Materials	20,000	(13,172)	6,828	6,827	1
Total Other Support Services - Students - Extraordinary Services	7,648,366	176,251	7,824,617	7,824,614	3

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,078,712	\$ 52,332	\$ 2,131,044	\$ 2,131,044	
Salaries of Secretarial and Clerical Assistants	60,885	575	61,460	61,460	
Purchased Professional and Technical Services	2,500	6,951	9,451	9,451	
Supplies and Materials	83,045	(269)	82,776	82,774	\$ 2
Total Other Support Services - Students - Guidance	2,225,142	59,589	2,284,731	2,284,729	2
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	3,808,603	(107,678)	3,700,925	3,700,923	2
Salaries of Secretarial and Clerical Assistants	174,270	1,428	175,698	175,698	
Purchased Professional - Educational Services	551,600	(26,144)	525,456	525,455	1
Other Purchased Services (400-500 Series)	15,041	(5,516)	9,525	9,525	
Supplies and Materials	58,803	1,756	60,559	59,788	771
Total Other Support Services - Students - Child Study Team	4,608,317	(136,154)	4,472,163	4,471,389	774
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,207,702	(54,972)	1,152,730	1,152,730	
Salaries of Other Professional Staff	194,347	28,518	222,865	222,860	5
Salaries of Secretarial and Clerical Assistants	191,297	(24,898)	166,399	166,399	
Purchased Professional - Educational Services	165,425	(122,723)	42,702	42,702	
Other Purchased Services (400-500 Series)	22,755	9,734	32,489	29,846	2,643
Supplies and Materials	30,300	13,519	43,819	43,780	39
Total Improvement of Instruction Services	1,811,826	(150,822)	1,661,004	1,658,317	2,687

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 444,671	\$ (4,269)	\$ 440,402	\$ 440,402	
Purchased Professional and Technical Services	30,000	(6,665)	23,335	23,335	
Supplies and Materials	28,571	(4,635)	23,936	23,933	\$ 3
Total Educational Media Services/School Library	503,242	(15,569)	487,673	487,670	3
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	181,584	(3,321)	178,263	178,263	
Salaries of Other Professional Staff	65,000	(61,977)	3,023	3,023	
Salaries of Secretarial and Clerical Assistants	70,486	3,175	73,661	73,661	
Purchased Professional - Educational Services	110,500	(68,000)	42,500	42,500	
Other Purchased Services (400-500 Series)	8,789	(3,479)	5,310	5,279	31
Supplies and Materials	2,050	10,048	12,098	12,098	
Total Instructional Staff Training Services	438,409	(123,554)	314,855	314,824	31
Support Services - General Administration:					
Salaries	598,730	(128,695)	470,035	423,749	46,286
Legal Services	475,000	19,710	494,710	494,710	
Architectural/Engineering Services	31,560	99,047	130,607	129,662	945
Other Purchased Professional Services	101,470	21,207	122,677	114,051	8,626
Communications/Telephone	270,000	(8,257)	261,743	241,784	19,959
BOE Other Purchased Services	6,086	12,396	18,482	17,521	961
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	9,742	(5,096)	4,646	3,794	852
General Supplies	43,400	19,769	63,169	58,927	4,242
Judgments Against the School District	910,360	(227,093)	683,267	543,841	139,426
Miscellaneous Expenditures	34,700	7,000	41,700	36,651	5,049
BOE Membership Dues and Fees	10,000	60	10,060	10,060	
Total Support Services - General Administration	2,491,048	(189,952)	2,301,096	2,074,750	226,346

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 2,739,275	\$ 200,181	\$ 2,939,456	\$ 2,939,455	\$ 1
Salaries of Other Professional Staff	200,000	(40,319)	159,681	159,681	
Salaries of Secretarial and Clerical Assistants	1,555,820	60,591	1,616,411	1,616,409	2
Unused Vacation Payment to Terminated/Retired Staff	21,000	40,089	40,089	40,089	
Purchased Professional and Technical Services	7,030	(648)	20,352	20,352	
Other Purchased Services (400-500 Series)	13,935	(6,530)	500	500	
Supplies and Materials		2,031	15,966	11,074	4,892
Total Support Services - School Administration	4,537,060	255,395	4,792,455	4,787,560	4,895
Support Services - Central Services:					
Salaries	1,186,362	59,193	1,245,555	1,245,555	
Unused Vacation Payment to Terminated/Retired Staff		9,297	9,297	9,297	
Miscellaneous Purchased Services (400-500 Series, Other than 594)	45,943	(10,527)	35,416	35,415	1
Supplies and Materials	95,800	(22,035)	73,765	73,509	256
Total Support Services - Central Services	1,328,105	35,928	1,364,033	1,363,776	257
Support Services - Administration Information Technology:					
Salaries	599,932	(7,974)	591,958	591,958	
Unused Vacation Payment to Terminated/Retired Staff		7,750	7,750	7,749	1
Purchased Technical Services	219,617	(43,303)	176,314	150,945	25,369
Supplies and Materials	98,771	(7,956)	90,815	87,378	3,437
Total Support Services - Administration Information Technology	918,320	(51,483)	866,837	838,030	28,807
Required Maintenance of School Facilities:					
Salaries	362,362	(15,046)	347,316	347,316	
Cleaning, Repair and Maintenance Services	851,563	59,338	910,901	809,115	101,786
General Supplies	120,190	(23,392)	96,798	96,319	479
Total Required Maintenance of School Facilities	1,334,115	20,900	1,355,015	1,252,750	102,265

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 3,122,836	\$ (68,702)	\$ 3,054,134	\$ 3,054,133	\$ 1
Unused Vacation Payment to Terminated/Retired Staff		1,083	1,083	1,083	
Purchased Professional and Technical Services	58,000	(1,962)	56,038	54,813	1,225
Cleaning, Repair and Maintenance Services	981,913	(196,189)	785,724	785,719	5
Rental of Land and Buildings Other Than Lease Purchase Agreements	32,000	(5,000)	27,000	27,000	
Other Purchased Property Services	180,361	5,396	185,757	177,405	8,352
Insurance	744,748	(20,985)	723,763	723,762	1
General Supplies	253,039	153,823	406,862	400,783	6,079
Energy (Natural Gas)	586,169	117,719	703,888	703,888	
Energy (Electricity)	1,620,783	(326,171)	1,294,612	1,294,611	1
Energy (Oil)	500	(500)			
Energy (Gasoline)	31,426	20,837	52,263	36,062	16,201
Total Custodial Services	7,611,775	(320,651)	7,291,124	7,259,259	31,865
Care and Upkeep of Grounds:					
Salaries	119,683	1,237	120,920	120,920	
Cleaning, Repair and Maintenance Services	106,685	(2,024)	104,661	104,660	1
General Supplies	35,000	(9,347)	25,653	25,653	
Total Care and Upkeep of Grounds	261,368	(10,134)	251,234	251,233	1
Security:					
Salaries	907,316	18,380	925,696	925,696	
Purchased Professional and Technical Services		20,665	20,665	20,664	1
General Supplies	12,100	(4,480)	7,620	7,620	
Total Security	919,416	34,565	953,981	953,980	1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation - Between Home & School - Regular	\$ 73,640	\$ 1,125	\$ 74,765	\$ 74,765	
Salaries for Pupil Transportation - Between Home & School - Special	73,640	471	74,111	74,111	
Salaries for Pupil Transportation - Other Than Between Home & School	118,840	19,192	138,032	138,031	\$ 1
Management Fee - ESC & CTSA Transportation Programs	99,449	118,105	217,554	217,553	1
Other Purchased Professional and Technical Services	14,845	1,991	16,836	16,836	
Cleaning, Repair and Maintenance Services	18,634	11,285	29,919	29,919	
Lease Purchase Payments - School Buses	20,931		20,931	20,931	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	300,000	(26,778)	273,222	273,221	1
Between Home and School - Vendors	6,000	(4,900)	1,100	1,100	
Other than Between Home and School - Vendors	240,000	27,363	267,363	254,957	12,406
Regular Students - ESCs & CTSA	1,738,452	106,507	1,844,959	1,844,958	1
Special Education Students - ESCs & CTSA	2,994,001	1,124,196	4,118,197	4,118,196	1
General Supplies	5,750	(3,702)	2,048	2,048	
Total Student Transportation Services	5,704,182	1,374,855	7,079,037	7,066,626	12,411
Unallocated Benefits:					
Social Security Contributions	1,718,855	64,570	1,783,425	1,783,425	
Other Retirement Contributions - PERS	1,741,092	(30,589)	1,710,503	1,710,502	1
Other Retirement Contributions - Regular	238,777	28,561	267,338	267,338	
Workmen's Compensation	360,208	177,827	538,035	538,035	
Health Benefits	16,050,989	(1,433,121)	14,617,868	14,617,868	
Tuition Reimbursement	160,000	(5,295)	154,705	154,705	
Other Employee Benefits	160,000	92,641	252,641	252,640	1
Total Unallocated Benefits	20,429,921	(1,105,406)	19,324,515	19,324,513	2

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits			\$ 4,934,461	\$ 4,934,461	\$ (4,934,461)
Pension			10,655,434	10,655,434	(10,655,434)
Non-Contributory Insurance			223,046	223,046	(223,046)
Long-Term Disability Insurance			8,249	8,249	(8,249)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			4,053,603	4,053,603	(4,053,603)
Total On-Behalf and Reimbursed Contributions			19,874,793	19,874,793	(19,874,793)
Total Personal Services - Employee Benefits	\$ 20,429,921	\$ (1,105,406)	\$ 19,324,515	39,199,306	(19,874,791)
Total Undistributed Expenses	73,189,899	434,570	73,624,469	93,077,938	(19,453,469)
TOTAL CURRENT EXPENSE	126,512,951	(1,607)	126,511,344	145,883,223	(19,371,879)
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8		3,751	3,751	3,751	
Grades 9-12		2,410	2,410	2,386	24
Undistributed Expenditures:					
Operation & Maintenance of Plant Services	13,259	14,174	27,433	27,433	
Total Equipment	13,259	20,335	33,594	33,570	24
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		38	38	38	
Construction Services		166,579	166,579	15,327	151,252
Buildings - Other Than Lease Purchase Agreements		302,383	302,383	190,852	111,531
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	85,938	469,000	554,938	292,155	262,783
TOTAL CAPITAL OUTLAY	99,197	489,335	588,532	325,725	262,807

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 34,684	\$ 8,287	\$ 42,971	\$ 42,971	
TOTAL EXPENDITURES	<u>126,646,832</u>	<u>496,015</u>	<u>127,142,847</u>	<u>146,251,919</u>	<u>\$ (19,109,072)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,289,453)</u>	<u>(496,015)</u>	<u>(2,785,468)</u>	<u>(190,908)</u>	<u>2,594,560</u>
Other Financing Sources/(Uses):					
Transfers In/(Out):					
Capital Projects Fund - Interest				12,710	12,710
Capital Reserve Transferred to Capital Projects Fund	(143,412)	(1,007,455)	(1,007,455)	(1,007,455)	
Food Service Enterprise Fund - Board Contribution	(143,412)	27,015	(116,397)	(116,397)	
Total Other Financing Sources/(Uses)	<u>(143,412)</u>	<u>(980,440)</u>	<u>(1,123,852)</u>	<u>(1,111,142)</u>	<u>12,710</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(2,432,865)</u>	<u>(1,476,455)</u>	<u>(3,909,320)</u>	<u>(1,302,050)</u>	<u>2,607,270</u>
Fund Balance, July 1	8,818,557		8,818,557	8,818,557	
Fund Balance, June 30	<u>\$ 6,385,692</u>	<u>\$ (1,476,455)</u>	<u>\$ 4,909,237</u>	<u>\$ 7,516,507</u>	<u>\$ 2,607,270</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus				\$ 260,986	
Excess Surplus - Designated for Subsequent Year's Expenditures				567,021	
Capital Reserve				1,176,692	
Maintenance Reserve				934,278	
Assigned:					
Year-End Encumbrances				444,131	
Designated for Subsequent Year's Expenditures				432,979	
Unassigned Fund Balance				3,700,420	
				<u>7,516,507</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(726,340)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,790,167</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 400,000	\$ (105,013)	\$ 294,987	\$ 129,876	\$ (165,111)
State Sources	620,000	319,273	939,273	866,652	(72,621)
Federal Sources	2,104,000	977,011	3,081,011	2,532,804	(548,207)
Total Revenues	3,124,000	1,191,271	4,315,271	3,529,332	(785,939)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	225,000	113,588	338,588	316,009	22,579
Other Salaries for Instruction	50,000	122,001	172,001	163,019	8,982
Purchased Professional and Technical Services		47,721	47,721	23,078	24,643
Other Purchased Services		516	516	516	
Tuition	1,000,000	69,945	1,069,945	1,035,098	34,847
General Supplies	559,000	(2,893)	556,107	349,908	206,199
Textbooks	92,000	3,853	95,853	94,628	1,225
Other Objects		14,721	14,721	14,720	1
Total Instruction	1,926,000	369,452	2,295,452	1,996,976	298,476
Support Services:					
Other Salaries	230,000	26,121	256,121	175,830	80,291
Personal Services - Employee Benefits	80,000	37,094	117,094	114,498	2,596
Purchased Professional and Technical Services	694,000	428,395	1,122,395	850,209	272,186
Other Purchased Services	47,380	79,905	127,285	67,517	59,768
Supplies and Materials	146,620	190,066	336,686	270,711	65,975
Other Objects		11,000	11,000	7,500	3,500
Total Support Services	1,198,000	772,581	1,970,581	1,486,265	484,316

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Instructional Equipment		\$ 42,670	\$ 42,670	\$ 39,863	\$ 2,807
Construction Services		6,568	6,568	6,228	340
Total Facilities Acquisition and Construction Services		49,238	49,238	46,091	3,147
Total Expenditures	\$ 3,124,000	1,191,271	4,315,271	3,529,332	785,939
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 146,061,011	\$ 3,529,332
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(58,973)
Prior Year Encumbrances		128,509
Prior Year Encumbrances Canceled		(5,743)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	665,447	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(726,340)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 146,000,118	\$ 3,593,125
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 146,251,919	\$ 3,529,332
Differences - Budgetary 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:		
Current Year Encumbrances		(58,973)
Prior Year Encumbrances		128,509
Prior Year Encumbrances Canceled		(5,743)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 146,251,919	\$ 3,593,125

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of School Estimate. 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)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording these 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

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

	Elementary and Secondary Education Act						I.D.E.A. Basic
	Title I, Part A	Title I, Part A, Reallocated	Title I SIA, Part A	Title IIA	Title III Immigrant	Title IV	
REVENUE:							
Local Sources							
State Sources							
Federal Sources	\$ 489,738	\$ 13,841	\$ 185,219	\$ 79,735	\$ 6,682	\$ 20,398	\$ 1,652,682
Total Revenue	489,738	13,841	185,219	79,735	6,682	20,398	1,652,682
EXPENDITURES:							
Instruction:							
Salaries of Teachers	129,270		70,120			6,109	98,517
Other Salaries for Instruction	42,698						101,818
Purchased Professional and Technical Services							
Other Purchased Services							
Tuition							
General Supplies	89,666		55,088		4,134	1,455	1,035,098
Textbooks							
Other Objects			14,720				
Total Instruction	261,634		139,928		4,134	7,564	1,263,941
Support Services:							
Other Salaries	109,853			1,894	2,548		59,535
Personal Services - Employee Benefits	54,869		36,985	145		134	19,880
Purchased Professional and Technical Services	16,350		2,500	51,668		12,150	303,626
Other Purchased Services	46,037		2,392	15,524			
Supplies and Materials	995	11,478	3,414	3,004		550	5,700
Other Objects				7,500			
Total Support Services	228,104	11,478	45,291	79,735	2,548	12,834	388,741
Facilities Acquisition and Construction Services:							
Instructional Equipment		2,363					
Construction Services							
Total Facilities Acquisition and Construction Services		2,363					
Total Expenditures	\$ 489,738	\$ 13,841	\$ 185,219	\$ 79,735	\$ 6,682	\$ 20,398	\$ 1,652,682

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

	I.D.E.A. Preschool	Nonpublic Handicapped (Ch. 193)			Nonpublic Auxiliary (Ch. 192)	
		Supplementary Instruction	Examination & Classification	Corrective Speech	Compensatory Education	Home Instruction
REVENUE:						
Local Sources						
State Sources	\$ 84,509	\$ 64,233	\$ 94,813	\$ 12,767	\$ 109,811	\$ 8,176
Federal Sources						
Total Revenue	\$ 84,509	64,233	94,813	12,767	109,811	8,176
EXPENDITURES:						
Instruction:						
Salaries of Teachers	11,993					
Other Salaries for Instruction	14,044					
Purchased Professional and Technical Services						
Other Purchased Services						
Tuition						
General Supplies	50,764					
Textbooks						
Other Objects						
Total Instruction	76,801					
Support Services:						
Other Salaries	2,000					
Personal Services - Employee Benefits	2,144					
Purchased Professional and Technical Services		64,233	94,813	12,767	109,811	8,176
Other Purchased Services	3,564					
Supplies and Materials						
Other Objects						
Total Support Services	7,708	64,233	94,813	12,767	109,811	8,176
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Construction Services						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 84,509	\$ 64,233	\$ 94,813	\$ 12,767	\$ 109,811	\$ 8,176

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

	Nonpublic				Local Grants	Total
	Textbook	Nursing	Security	Technology		
REVENUE:						
Local Sources					\$ 129,876	\$ 129,876
State Sources	\$ 94,628	\$ 174,115	\$ 244,098	\$ 64,011		\$ 866,652
Federal Sources						2,532,804
Total Revenue	94,628	174,115	244,098	64,011	129,876	3,529,332
EXPENDITURES:						
Instruction:						
Salaries of Teachers						316,009
Other Salaries for Instruction					4,459	163,019
Purchased Professional and Technical Services					23,078	23,078
Other Purchased Services					516	516
Tuition						1,035,098
General Supplies				64,011	56,282	349,908
Textbooks	94,628					94,628
Other Objects						14,720
Total Instruction	94,628			64,011	84,335	1,996,976
Support Services:						
Other Salaries						175,830
Personal Services - Employee Benefits					341	114,498
Purchased Professional and Technical Services		174,115				850,209
Other Purchased Services					1,472	67,517
Supplies and Materials			244,098			270,711
Other Objects						7,500
Total Support Services		174,115	244,098		1,813	1,486,265
Facilities Acquisition and Construction Services:						
Instructional Equipment					37,500	39,863
Construction Services					6,228	6,228
Total Facilities Acquisition and Construction Services					43,728	46,091
Total Expenditures	\$ 94,628	\$ 174,115	\$ 244,098	\$ 64,011	\$ 129,876	\$ 3,529,332

CAPITAL PROJECTS FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:	
Due from Township of Montclair-Bond Ordinances Proceeds	\$ 6,580,482
Transfer from Capital Reserve	1,007,455
Interest Earned	12,710
Total Revenue and Other Financing Sources	<u>7,600,647</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	403,990
Facilities Acquisition and Construction Services	3,492,136
Transfers Out:	
General Fund - Interest	12,710
Total Expenditures and Other Financing Uses	<u>3,908,836</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	3,691,811
Fund Balance - Beginning Balance	<u>4,929,786</u>
Fund Balance - Ending Balance	<u><u>\$ 8,621,597</u></u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 1,288,802
Committed Fund Balance - Other Purposes	6,741,514
Total Committed Fund Balance	<u>8,030,316</u>
Restricted Fund Balance:	
Year-End Encumbrances	54,600
Restricted Fund Balance - Other Purposes	536,681
Total Restricted Fund Balance	<u>591,281</u>
	8,621,597
Reconciliation to Governmental Funds Statements (GAAP):	
Township and SDA Receivables not Recognized on the GAAP Basis	<u>(7,992,806)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 628,791</u></u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCES #2019-002
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds		\$ 4,714,875	\$ 4,714,875	\$ 4,714,875
Total Revenues and Other Financing Sources	\$ -0-	4,714,875	4,714,875	4,714,875
Expenditures:				
Purchased Professional and Technical Services		151,959	151,959	342,175
Construction Services				4,372,700
Total Expenditures		151,959	151,959	4,714,875
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 4,562,916	\$ 4,562,916	\$ -0-

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
HIGH SCHOOL STAIR TOWERS - TOWNSHIP ORDINANCE #2019-006
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds		\$ 1,981,000	\$ 1,981,000	\$ 1,981,000
Transfer from Capital Reserve		625,000	625,000	625,000
Total Revenues and Other Financing Sources	\$ -0-	2,606,000	2,606,000	2,606,000
Expenditures:				
Purchased Professional and Technical Services		98,675	98,675	307,675
Construction Services		223,325	223,325	2,298,325
Total Expenditures		322,000	322,000	2,606,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 2,284,000	\$ 2,284,000	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2018-017
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 3,300,000		\$ 3,300,000	\$ 3,300,000
Transfer from Capital Reserve		\$ 382,455	382,455	382,455
Total Revenues and Other Financing Sources	<u>3,300,000</u>	<u>382,455</u>	<u>3,682,455</u>	<u>3,682,455</u>
Expenditures:				
Purchased Professional and Technical Services	134,988	136,156	271,144	278,755
Construction Services	3,000	2,490,795	2,493,795	3,403,700
Total Expenditures	<u>137,988</u>	<u>2,626,951</u>	<u>2,764,939</u>	<u>3,682,455</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 3,162,012</u>	<u>\$ (2,244,496)</u>	<u>\$ 917,516</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2016-12
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,598,000		\$ 2,598,000	\$ 2,598,000
Total Revenues and Other Financing Sources	<u>2,598,000</u>	<u>\$ -0-</u>	<u>2,598,000</u>	<u>2,598,000</u>
Expenditures:				
Purchased Professional and Technical Services	253,932	11,200	265,132	265,132
Construction Services	1,692,503	421,234	2,113,737	2,332,868
Total Expenditures	<u>1,946,435</u>	<u>432,434</u>	<u>2,378,869</u>	<u>2,598,000</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 651,565</u>	<u>\$ (432,434)</u>	<u>\$ 219,131</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2015-24
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,536,000	\$ (75,609)	\$ 2,460,391	\$ 2,460,391
Total Revenues and Other Financing Sources	<u>2,536,000</u>	<u>(75,609)</u>	<u>2,460,391</u>	<u>2,460,391</u>
Expenditures:				
Purchased Professional and Technical Services	145,716	6,000	151,716	151,716
Construction Services	2,218,169	66,337	2,284,506	2,285,506
Equipment	23,169		23,169	23,169
Total Expenditures	<u>2,387,054</u>	<u>72,337</u>	<u>2,459,391</u>	<u>2,460,391</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 148,946</u>	<u>\$ (147,946)</u>	<u>\$ 1,000</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2013-17
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,780,958	\$ (6,385)	\$ 2,774,573	\$ 2,774,573
Total Revenues and Other Financing Sources	<u>2,780,958</u>	<u>(6,385)</u>	<u>2,774,573</u>	<u>2,774,573</u>
Expenditures:				
Construction Services	2,554,343	51,684	2,606,027	2,606,027
Equipment Purchases	168,546		168,546	168,546
Total Expenditures	<u>2,722,889</u>	<u>51,684</u>	<u>2,774,573</u>	<u>2,774,573</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 58,069</u>	<u>\$ (58,069)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2012-32
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,914,281	\$ (12,831)	\$ 2,901,450	\$ 2,901,450
Total Revenues and Other Financing Sources	<u>2,914,281</u>	<u>(12,831)</u>	<u>2,901,450</u>	<u>2,901,450</u>
Expenditures:				
Purchased Professional and Technical Services	16,400		16,400	16,400
Construction Services	2,729,987	124,635	2,854,622	2,885,050
Total Expenditures	<u>2,746,387</u>	<u>124,635</u>	<u>2,871,022</u>	<u>2,901,450</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 167,894</u>	<u>\$ (137,466)</u>	<u>\$ 30,428</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2011-41
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 1,607,264	\$ (1,376)	\$ 1,605,888	\$ 1,605,888
Total Revenues and Other Financing Sources	<u>1,607,264</u>	<u>(1,376)</u>	<u>1,605,888</u>	<u>1,605,888</u>
Expenditures:				
Construction Services	1,530,565	2,942	1,533,507	1,533,507
Equipment Purchases	<u>72,381</u>		<u>72,381</u>	<u>72,381</u>
Total Expenditures	<u>1,602,946</u>	<u>2,942</u>	<u>1,605,888</u>	<u>1,605,888</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 4,318</u>	<u>\$ (4,318)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2010-28
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,855,007	\$ (14,844)	\$ 2,840,163	\$ 2,840,163
Total Revenues and Other Financing Sources	<u>2,855,007</u>	<u>(14,844)</u>	<u>2,840,163</u>	<u>2,840,163</u>
Expenditures:				
Purchased Professional and Technical Services	6,335		6,335	6,335
Construction Services	2,826,469		2,826,469	2,826,469
Equipment Purchases	7,359		7,359	7,359
Total Expenditures	<u>2,840,163</u>		<u>2,840,163</u>	<u>2,840,163</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 14,844</u>	<u>\$ (14,844)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2008-14
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,820,028		\$ 1,820,028	\$ 1,820,028
Due from Township of Montclair:				
Bond Ordinance Proceeds	3,266,404		3,266,404	3,266,404
Total Revenues and Other Financing Sources	<u>5,086,432</u>	<u>\$ -0-</u>	<u>5,086,432</u>	<u>5,086,432</u>
Expenditures:				
Construction Services	5,067,807		5,067,807	5,083,132
Equipment Purchases	3,300		3,300	3,300
Total Expenditures	<u>5,071,107</u>		<u>5,071,107</u>	<u>5,086,432</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 15,325</u>	<u>\$ -0-</u>	<u>\$ 15,325</u>	<u>\$ -0-</u>

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As the District receives the SDA Grant funds, they are remitted to the Township.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2007-26
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 4,075,462		\$ 4,075,462	\$ 4,075,462
Total Revenues and Other Financing Sources	<u>4,075,462</u>	<u>\$ -0-</u>	<u>4,075,462</u>	<u>4,075,462</u>
Expenditures:				
Construction Services	3,986,734	88,703	4,075,437	4,075,437
Equipment Purchases	25		25	25
Total Expenditures	<u>3,986,759</u>	<u>88,703</u>	<u>4,075,462</u>	<u>4,075,462</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 88,703</u>	<u>\$ (88,703)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2006-30
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 4,373,025	\$ (4,348)	\$ 4,368,677	\$ 4,368,677
Total Revenues and Other Financing Sources	<u>4,373,025</u>	<u>(4,348)</u>	<u>4,368,677</u>	<u>4,368,677</u>
Expenditures:				
Construction Services	4,346,149	22,481	4,368,630	4,368,630
Equipment Purchases	47		47	47
Total Expenditures	<u>4,346,196</u>	<u>22,481</u>	<u>4,368,677</u>	<u>4,368,677</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 26,829</u>	<u>\$ (26,829)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 990,572		\$ 990,572	\$ 990,572
Transfer from Capital Reserve	1,496,816		1,496,816	1,496,816
Total Revenues and Other Financing Sources	<u>2,487,388</u>	<u>\$ -0-</u>	<u>2,487,388</u>	<u>2,487,388</u>
Expenditures:				
Construction Services	1,947,782		1,947,782	2,487,388
Total Expenditures	<u>1,947,782</u>		<u>1,947,782</u>	<u>2,487,388</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 539,606</u>	<u>\$ -0-</u>	<u>\$ 539,606</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	Various
Grant Date:	3/31/14 & 5/2/14
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 2,487,388</u>
Revised Authorized Cost:	<u>\$ 2,487,388</u>

Percentage Increase over Original Authorized Cost:	N/A
Percentage Completion:	78.31%
Original Target Completion Date:	8/30/16
Revised Target Completion Date:	N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 125,000		\$ 125,000	\$ 125,000
Total Revenues and Other Financing Sources	<u>125,000</u>	<u>\$ -0-</u>	<u>125,000</u>	<u>125,000</u>
Expenditures:				
Construction Services	97,452		97,452	125,000
Total Expenditures	<u>97,452</u>		<u>97,452</u>	<u>125,000</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 27,548</u>	<u>\$ -0-</u>	<u>\$ 27,548</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 125,000</u>
Revised Authorized Cost:	<u>\$ 125,000</u>

Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	77.96%
Original Target Completion Date:	8/30/2015
Revised Target Completion Date:	N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 100,000		\$ 100,000	\$ 100,000
Total Revenues and Other Financing Sources	<u>100,000</u>	<u>\$ -0-</u>	<u>100,000</u>	<u>100,000</u>
Expenditures:				
Construction Services	75,873		75,873	100,000
Total Expenditures	<u>75,873</u>		<u>75,873</u>	<u>100,000</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 24,127</u>	<u>\$ -0-</u>	<u>\$ 24,127</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 100,000</u>
Revised Authorized Cost:	<u>\$ 100,000</u>

Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	75.87%
Original Target Completion Date:	6/30/2015
Revised Target Completion Date:	N/A

PROPRIETARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Major Fund	Non-Major Funds			Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	Total	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 57,966	\$ 352,023	\$ 970	\$ 352,993	\$ 410,959
Intergovernmental Receivable:					
State	1,260				1,260
Federal	40,474				40,474
Accounts Receivable:					
Student Accounts - (less allowance of \$114,174)	15,000				15,000
Inventories	15,775				15,775
Prepaid Expenses		19,092		19,092	19,092
Total Current Assets	130,475	371,115	970	372,085	502,560
Non-Current Assets:					
Capital Assets	553,574				553,574
Less: Accumulated Depreciation	(371,580)				(371,580)
Total Non-Current Assets	181,994				181,994
Total Assets	312,469	371,115	970	372,085	684,554
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	5,757				5,757
Prepaid Meals	62,912				62,912
Prepaid Summer Program		245,099		245,099	245,099
Accounts Payable	28,917				28,917
Total Liabilities	97,586	245,099		245,099	342,685
<u>NET POSITION:</u>					
Investment in Capital Assets	181,994				181,994
Unrestricted	32,889	126,016	970	126,986	159,875
Total Net Position	\$ 214,883	\$ 126,016	\$ 970	\$ 126,986	\$ 341,869

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

	Major Fund	Non-Major Funds			Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	Total	
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 548,580				\$ 548,580
Non-Reimbursable Programs	278,075				278,075
Total Daily Sales	826,655				826,655
Special Functions	12,189				12,189
Program Fees		\$ 310,667		\$ 310,667	310,667
Mentor Fees			\$ 40,800	40,800	40,800
Total Operating Revenue	838,844	310,667	40,800	351,467	1,190,311
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	582,656				582,656
Non-Reimbursable Programs	105,726				105,726
Total Cost of Sales	688,382				688,382
Salaries, Benefits & Payroll Taxes	532,567	262,614	44,500	307,114	839,681
Administrative Expenses	98,649	16,434	6,540	22,974	121,623
Supplies and Materials	95,502	41,430		41,430	136,932
Management Fee	96,225				96,225
Miscellaneous	4,562				4,562
Depreciation	31,144				31,144
Total Operating Expenses	1,547,031	320,478	51,040	371,518	1,918,549
Operating Loss	(708,187)	(9,811)	(10,240)	(20,051)	(728,238)
Non-Operating Revenue:					
Local Sources:					
Interest Income	1,096				1,096
State Sources:					
State School Lunch Program	13,832				13,832
Federal Sources:					
School Breakfast Program	52,960				52,960
National School Lunch Program	402,689				402,689
Food Distribution Program	75,901				75,901
Total Non-Operating Revenue	546,478				546,478
Change in Net Position Before Transfers	(161,709)	(9,811)	(10,240)	(20,051)	(181,760)
Transfer In - General Fund	116,397				116,397
Change in Net Position After Transfers	(45,312)	(9,811)	(10,240)	(20,051)	(65,363)
Net Position - Beginning of Year (Restated)	260,195	135,827	11,210	147,037	407,232
Net Position - End of Year	\$ 214,883	\$ 126,016	\$ 970	\$ 126,986	\$ 341,869

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

	Major Fund		Non-Major Funds		Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	Total	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 826,833	\$ 292,733	\$ 40,800	\$ 333,533	\$ 1,160,366
Receipts from Special Functions	15,033				15,033
Payments to Employees	(1,385,426)	(252,979)	(44,500)	(297,479)	(297,479)
Payments to Food Service Management Contractor	(44,745)	(41,430)	(6,540)	(47,970)	(1,385,426)
Payments to Suppliers		(16,434)		(16,434)	(92,715)
Other Payments					(16,434)
Net Cash Used for Operating Activities	(588,305)	(18,110)	(10,240)	(28,350)	(616,655)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(5,152)				(5,152)
Net Cash Used for Capital and Related Financing Activities	(5,152)				(5,152)
Cash Flows from Investing Activities:					
Local Sources - Interest Income	1,096				1,096
Net Cash Provided by Investing Activities	1,096				1,096
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	461,612				461,612
Cash Received from Transfers - General Fund	116,397				116,397
Net Cash Provided by Noncapital Financing Activities	578,009				578,009
Net Decrease in Cash and Cash Equivalents	(14,352)	(18,110)	(10,240)	(28,350)	(42,702)
Cash and Cash Equivalents, July 1	72,318	370,133	11,210	381,343	453,661
Cash and Cash Equivalents, June 30	\$ 57,966	\$ 352,023	\$ 970	\$ 352,993	\$ 410,959

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

	Major Fund	Non-Major Funds	Enterprise
	Food Service Program	Summer Program	Provisional Teacher
	Total	Total	Fund Totals
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (708,187)	\$ (9,811)	\$ (728,238)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:		\$ (10,240)	\$ (20,051)
Depreciation	31,144		31,144
Food Distribution Program	75,901		75,901
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	3,905		3,905
Decrease in Inventory	1,129		1,129
(Increase) in Prepaid Expenses		(9,456)	(9,456)
Increase in Unearned Revenue:			
Food Distribution Program	5,649		5,649
Prepaid Meals/Summer Program	178	1,157	1,335
Increase in Accounts Payable	1,976		1,976
	\$ (588,305)	\$ (18,110)	\$ (28,350)
Net Cash Used for Operating Activities		\$ (10,240)	\$ (616,655)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$81,550 and utilized \$75,901 for the fiscal year ended June 30, 2019.

FIDUCIARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ASSETS:			
Cash and Cash Equivalents	\$ 462,179	\$ 405,943	\$ 868,122
Total Assets	<u>462,179</u>	<u>405,943</u>	<u>868,122</u>
LIABILITIES:			
Interfund Payable - General Fund	38,646		38,646
Due to Student Groups	400,879		400,879
Payroll Deductions and Withholdings	<u>22,654</u>		<u>22,654</u>
Total Liabilities	<u>462,179</u>		<u>462,179</u>
NET POSITION:			
Held in Trust for:			
Unemployment Compensation Claims		<u>405,943</u>	<u>405,943</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 405,943</u>	<u>\$ 405,943</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Share	\$ 199,709	\$ 199,709
Total Contributions	<u>199,709</u>	<u>199,709</u>
Investment Earnings:		
Interest	<u>8,231</u>	<u>8,231</u>
Net Investment Earnings	<u>8,231</u>	<u>8,231</u>
Total Additions	<u>207,940</u>	<u>207,940</u>
Deductions:		
Unemployment Compensation Claims	<u>227,630</u>	<u>227,630</u>
Total Deductions	<u>227,630</u>	<u>227,630</u>
Change in Net Position	(19,690)	(19,690)
Net Position - Beginning of the Year	<u>425,633</u>	<u>425,633</u>
Net Position - End of the Year	<u>\$ 405,943</u>	<u>\$ 405,943</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 442,435	\$ 825,704	\$ 867,260	\$ 400,879
Total Assets	<u>\$ 442,435</u>	<u>\$ 825,704</u>	<u>\$ 867,260</u>	<u>\$ 400,879</u>
LIABILITIES:				
Due to Student Groups	\$ 442,435	\$ 825,704	\$ 867,260	\$ 400,879
Total Liabilities	<u>\$ 442,435</u>	<u>\$ 825,704</u>	<u>\$ 867,260</u>	<u>\$ 400,879</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Elementary Schools:				
Bradford	\$ 6,653	\$ 21,548	\$ 21,220	\$ 6,981
Charles H. Bullock	17,476	18,488	22,822	13,142
Edgemont	12,138	10,291	16,327	6,102
Hillside	47,829	67,678	64,513	50,994
Nishuane	3,604	10,988	10,140	4,452
Northeast	10,246	22,972	22,439	10,779
Watchung	11,434	38,303	28,658	21,079
Total Elementary Schools	109,380	190,268	186,119	113,529
Middle Schools:				
Glenfield	68,749	95,250	96,261	67,738
Buzz Aldrin	39,438	95,962	116,578	18,822
Renaissance	33,082	92,229	60,504	64,807
Total Middle Schools	141,269	283,441	273,343	151,367
High School:				
Montclair High School	180,180	271,033	330,728	120,485
Athletic Account	11,606	80,962	77,070	15,498
Total High School	191,786	351,995	407,798	135,983
Total All Schools	\$ 442,435	\$ 825,704	\$ 867,260	\$ 400,879

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 13,617	\$132,752,011	\$ 132,704,328	\$ 61,300
Interfund Receivable - General Fund	2,199		2,199	
Total Assets	\$ 15,816	\$132,752,011	\$ 132,706,527	\$ 61,300
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 15,816	\$132,713,365	\$ 132,706,527	\$ 22,654
Interfund Payable - General Fund		38,646		38,646
Total Liabilities	\$ 15,816	\$132,752,011	\$ 132,706,527	\$ 61,300

LONG-TERM DEBT

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2018</u>	<u>Matured</u>	<u>Balance June 30, 2019</u>
Apple Computers	0.00%	\$ 169,258	\$ 42,314	\$ 42,314	
Apple Computers	0.00%	100,171	25,043	25,043	
School Bus	3.698645%	97,140	<u>58,419</u>	<u>18,770</u>	<u>\$ 39,649</u>
			<u>\$ 125,776</u>	<u>\$ 86,127</u>	<u>\$ 39,649</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School'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 School'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 School's current levels of outstanding debt and the School'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 School'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 School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 50,686,622	\$ 50,727,177	\$ 48,878,543	\$ 50,419,530	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089	\$ 63,995,455
Special Education	10,950,096	11,432,967	13,240,517	13,673,747	14,463,175	14,035,556	15,619,647	17,774,029	17,471,766	16,803,010
Other Special Instruction	1,397,703	1,355,741	2,043,269	2,448,400	2,517,238	3,070,118	3,020,620	3,418,485	3,220,413	3,087,101
School-Sponsored Instruction	3,012,233	2,232,289	1,809,677	1,778,949	1,873,094	2,025,116	2,021,715	2,261,364	2,362,269	2,256,499
Support Services:										
Tuition	5,436,746	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532
Student & Instruction Related Services	22,262,622	20,892,795	19,907,216	23,111,451	24,620,337	30,765,348	33,896,334	38,160,334	37,539,210	36,128,092
School Administrative Services	6,453,978	5,926,334	5,687,924	5,797,230	6,618,614	2,358,740	2,203,262	2,505,852	2,314,025	2,395,882
General and Business Administrative Services	1,745,216	1,540,450	1,874,286	2,064,650	1,954,247	6,900,062	7,362,141	8,378,945	8,168,027	7,922,147
Central Services	1,853,971	1,928,764	1,655,412	1,645,518	1,917,572	2,050,988	2,013,448	2,258,488	2,344,001	2,134,357
Administrative Information Technology		301,037		297,595	771,619	1,011,762	1,212,581	1,232,712	1,255,705	1,366,579
Plant Operations And Maintenance	9,587,936	9,458,409	9,275,074	9,178,249	9,640,014	9,855,524	10,270,734	11,127,101	11,492,712	12,933,955
Pupil Transportation	4,422,775	4,198,807	4,327,092	4,666,981	4,615,598	4,762,678	4,850,939	5,542,086	4,920,476	7,250,517
Capital Outlay			76,167	85,938	85,938	180,752				
Special Schools	534,724	462,743	503,306	477,788	402,760	156,178	10,420	43,223	33,016	42,971
Transfer to Charter School		19,292	21,582		7,204					
State Administrative Fee		63,146								
Unallocated Depreciation										
Total Governmental Activities Expenses	\$ 120,297,642	\$ 116,933,561	\$ 116,866,609	\$ 123,289,091	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716	\$ 168,081,344	\$ 167,845,559	\$ 165,675,799
Business-Type activities:										
Food Service	\$ 1,443,652	\$ 1,395,102	\$ 1,453,543	\$ 1,192,701	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749	\$ 1,280,854	\$ 1,513,737	\$ 1,547,031
Provisional Teacher	68,740	101,688	117,086	80,041	70,433	69,983	76,134	61,175	26,820	51,040
Saturday Music	20,891	18,494	19,943	20,260						
Summer Programs										
Total Business-Type Activities Expense	\$ 1,533,283	\$ 1,515,284	\$ 1,590,572	\$ 1,293,002	\$ 1,274,819	\$ 1,312,156	\$ 1,357,603	\$ 1,552,369	\$ 1,853,320	\$ 320,478
Total District Expenses	\$ 121,830,925	\$ 118,448,845	\$ 118,457,181	\$ 124,582,093	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879	\$ 167,594,348
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Tuition			\$ 64,983	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739	\$ 167,105	\$ 93,643
Special Schools			458,805	415,348	331,246	108,719		6,572		
Pupil Transportation										
Operating Grants and Contributions	\$ 11,427,039	\$ 11,478,828	18,801,996	19,506,729	18,068,049	32,701,958	38,048,010	50,727,530	54,167,407	44,827,895
Capital Grants and Contributions			25,399	3,243,859	528,704	1,731,544	2,017,080	2,203,366	2,027,323	3,935,980
Total Governmental Activities Program Revenues	\$ 11,427,039	\$ 11,478,828	\$ 19,351,183	\$ 23,533,880	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833	\$ 52,978,207	\$ 56,361,835	\$ 48,857,527

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues:										
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 919,865	\$ 858,972	\$ 595,702	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296	\$ 739,059	\$ 838,844
Provisional Teacher			69,487	72,517	68,600	69,735	66,250	41,460	26,500	40,800
Saturday Music			16,599	13,909						
Summer Programs			590,331	642,348	520,727	583,235	547,337	179,056	310,264	310,667
Operating Grants and Contributions	1,490,938	1,437,651	1,272,119	1,192,338	1,059,786	1,256,815	1,169,987	1,287,321	545,354	545,382
Total Business-Type Activities Program Revenues	\$ 12,917,977	\$ 12,916,479	\$ 20,623,302	\$ 24,726,218	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012	\$ 50,593,220
Total District Program Revenues	\$ 571,073	\$ 578,679	\$ 590,331	\$ 642,348	\$ 520,727	\$ 583,235	\$ 547,337	\$ 179,056	\$ 310,264	\$ 310,667
Net (Expense)/Revenue Governmental Activities	\$ (108,870,603)	\$ (105,454,733)	\$ (97,515,426)	\$ (99,755,211)	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)	\$ (116,818,272)
Net (Expense)/Revenue Business-Type Activities	\$ (42,345)	\$ (77,633)	\$ (318,453)	\$ (100,664)	\$ (215,033)	\$ (55,341)	\$ (187,616)	\$ (265,048)	\$ (227,143)	\$ (182,856)
Total District-Wide Net Expense	\$ (108,912,948)	\$ (105,532,366)	\$ (97,833,879)	\$ (99,855,875)	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)	\$ (117,001,128)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279
Township of Montclair- Type I School District	2,986,360	533,670								
Federal and State Aid Restricted	171,103	1,334,974								
Federal and State Aid not Restricted	8,424,962	5,509,318	763,527	1,346,151	1,604,800	1,477,037	1,510,302	1,619,868	1,521,257	1,185,833
Tuition	99,691	74,609								
Prior Year Accounts Payable Canceled						98,740				
Miscellaneous Income	2,923,039	1,257,199	286,554	454,293	474,576	2,177,838	938,497	581,255	672,760	1,009,936
Transfers	(100,000)	(50,000)	(394,567)	(115,000)	(166,215)	(100,830)	(92,321)	(203,668)	(224,425)	(116,397)
Total Governmental Activities	\$ 111,374,169	\$ 109,763,614	\$ 98,165,212	\$ 99,195,142	\$ 99,422,859	\$ 105,144,891	\$ 108,060,486	\$ 111,919,053	\$ 114,606,140	\$ 118,020,651
Business-Type Activities:										
Investment Earnings			227	242	187	190	247	421	1,042	1,096
Miscellaneous	262	317				105,165				
Allowance for Doubtful Accounts						(75,000)				
Prior Year Accounts Payable Canceled				107,215	895					
Special Items									13,947	
Transfers	100,000	50,000	394,567	115,000	166,215	100,830	92,321	203,668	224,425	116,397
Total Business-Type Activities	\$ 100,262	\$ 50,317	\$ 394,794	\$ 222,457	\$ 167,297	\$ 131,185	\$ 92,568	\$ 204,089	\$ 239,414	\$ 117,493
Total District-Wide	\$ 111,474,431	\$ 109,813,931	\$ 98,560,006	\$ 99,417,599	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554	\$ 118,138,144
Change in Net Position:										
Governmental Activities	\$ 2,503,566	\$ 4,308,881	\$ 649,786	\$ (560,069)	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416	\$ 1,202,379
Business-Type Activities	\$ 57,917	\$ (27,316)	\$ 76,341	\$ 121,793	\$ (47,736)	\$ 75,844	\$ (95,048)	\$ (60,959)	\$ 12,271	\$ (65,363)
Total District	\$ 2,561,483	\$ 4,281,565	\$ 726,127	\$ (438,276)	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687	\$ 1,137,016

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved/Restricted	\$ 4,069,255	\$ 7,119,798	\$ 10,004,894	\$ 9,068,839	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090	\$ 1,277,073	\$ 3,183,026	\$ 2,938,977
Assigned		42,233	1,093,339	1,587,304	2,843,119	724,878	989,770	492,636	2,249,784	877,110
Unassigned		959,014	2,289,349	1,572,302	136,498	1,766,252	1,674,878	1,633,232	2,720,300	2,974,080
Unreserved	2,044,532	2,641,752								
Total General Fund	\$ 6,113,787	\$ 10,762,797	\$ 13,387,582	\$ 12,228,445	\$ 8,367,887	\$ 4,512,201	\$ 4,677,738	\$ 3,402,941	\$ 8,153,110	\$ 6,790,167
All Other Governmental Funds:										
Reserved/Restricted	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,108,168	\$ (188,987)	\$ (372,589)		\$ 1,028,082
Committed						56,803	24,261	28,133	\$ (378,664)	(399,291)
Unassigned/(Deficit)										
Total All Other Governmental Funds	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,164,971	\$ (164,726)	\$ (344,456)	\$ (378,664)	\$ 628,791
Total All Funds	\$ 27,067,109	\$ 16,108,503	\$ 15,101,144	\$ 14,429,847	\$ 8,415,490	\$ 5,677,172	\$ 4,513,012	\$ 3,058,485	\$ 7,774,446	\$ 7,418,958

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,971,598	\$ 112,636,548	\$ 115,941,279
Miscellaneous	1,232,188	1,331,808	1,071,246	4,373,995	1,590,795	1,036,493	3,262,815	1,036,493	1,118,230	1,228,492
State Sources	16,203,619	14,519,845	16,138,462	18,668,462	17,469,858	18,966,267	21,031,329	23,756,709	26,275,848	29,778,109
Federal Sources	3,819,485	3,803,276	3,191,557	2,291,558	3,114,493	2,587,313	2,737,851	2,747,845	2,349,697	2,658,073
Total Revenue	118,124,306	120,758,773	117,910,963	122,844,023	119,684,844	127,627,953	132,736,003	137,462,645	142,380,323	149,605,953
Expenditures:										
Instruction:										
Regular Instruction	38,747,421	37,773,061	36,968,473	37,940,996	37,230,553	39,336,934	37,622,800	38,597,011	39,240,747	39,686,743
Special Education Instruction	8,418,340	8,522,680	10,230,542	10,449,884	11,265,160	9,531,955	10,158,894	10,304,567	9,932,543	10,539,971
Other Instruction	1,045,867	989,830	1,539,649	1,832,553	1,885,558	2,061,075	2,004,902	2,068,291	1,951,708	2,030,686
School-Sponsored Instruction	2,426,083	1,766,670	1,434,414	1,410,772	1,491,489	1,470,382	1,391,942	1,392,876	1,454,363	1,494,818
Support Services:										
Tuition	5,436,746	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532
Student and Instruction Related Services	17,363,672	15,793,369	15,027,478	17,346,129	18,492,787	21,224,914	22,622,671	22,995,689	22,504,370	23,301,465
Central Services	1,459,796	1,487,707	272,669	268,544	713,418	725,469	1,990,035	1,342,054	1,314,916	1,363,776
Administrative Information Technology	1,493,039	1,319,028	1,627,834	1,917,706	1,833,498	2,172,875	1,310,991	2,081,026	1,879,769	2,074,750
General Administrative Services	4,832,265	4,329,703	4,188,259	4,310,048	4,574,757	4,505,564	843,050	4,732,220	4,578,561	4,787,560
School Operations And Maintenance	8,265,274	8,054,912	7,898,069	7,858,131	8,035,186	7,856,149	7,803,481	7,935,925	8,027,385	9,717,222
Pupil Transportation	4,355,617	4,121,369	4,245,329	4,587,314	4,519,707	4,643,965	4,708,140	5,290,632	4,702,946	7,066,626
Unallocated Benefits	23,878,661	25,960,512	24,358,225	25,808,190	26,020,243	27,210,100	29,818,675	33,415,259	35,503,265	39,199,306
Special Schools	485,903	462,743	503,306	477,788	402,760	156,178	10,448	43,223	33,016	42,971
Transfer to Charter Schools	18,022,769	6,180,917	4,167,480	2,841,957	2,728,830	3,515,868	4,098,791	3,616,859	2,181,404	4,261,714
Capital Outlay	136,231,453	121,024,844	118,523,755	123,400,320	125,532,986	130,566,873	134,119,004	140,369,203	140,063,515	153,741,170
Total Expenditures	(18,107,147)	(266,071)	(612,792)	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)	(2,906,558)	2,316,808	(4,135,217)
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures										
Other Financing Sources/(Uses):										
Type I School Debt Authorization	2,986,360	533,670								
Prior Year Accounts Payable Canceled	1,790,542									
Capital Leases (Non-Budgeted)										
Montclair Improvement Authorization						301,432	269,429	97,140	1,993,588	3,896,126
Transfers In										
Transfers Out	(100,000)	(50,000)	(394,567)	(115,000)	(234,986)	2,384,926	11,215	463	(226,863)	1,020,165
Total Other Financing Sources/(Uses)	4,676,902	483,670	(394,567)	(115,000)	(166,215)	2,006,602	218,841	2,096,838	1,769,163	3,779,729
Net Change In Fund Balances	\$ (13,430,245)	\$ 217,599	\$ (1,007,359)	\$ (671,297)	\$ (6,014,357)	\$ (2,738,318)	\$ (1,164,160)	\$ (809,720)	\$ 4,085,971	\$ (355,488)
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Subscription Busing	Other	Total
2010	\$ 60,553	\$ 99,691	\$ 107,163	\$ 13,317		\$ 645,830	\$ 926,554
2011	57,265	74,609	113,311	777		710,686	956,648
2012	60,563	64,983	95,093	45,826		543,877	810,342
2013	46,645	73,144	129,622	161,535		526,640	937,586
2014	59,993	67,944	107,772	202,391		440,865	878,965
2015	37,710	58,083	125,326	1,896,152 *		326,129	2,443,400
2016	43,155	41,743	41,057	651,887 *		202,142	979,984
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103
2018	205,962	167,105	100,965	106,132		257,263	837,427
2019	407,443	93,643	163,536	188,857		237,390	1,090,869

* - Includes a refund from Horizon Blue Cross

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant		Residential	Commercial	Industrial	Total Assessed Value		Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	Land					Apartment	Value					
2009	\$ 28,004,100	\$ 6,313,361,900	\$ 691,217,100	\$ 5,059,900	\$ 286,659,800	\$ 7,324,302,800	\$ 684,735,700	\$ 12,373,331	\$ 7,336,676,131	\$ 1.38	\$ 7,409,467,770	
2010	27,591,400	6,302,954,050	692,606,250	5,059,900	282,541,400	7,310,753,000	686,023,950	12,443,626	7,323,196,626	1.44	7,391,363,685	
2011	26,808,200	6,190,707,050	672,102,250	5,059,900	274,447,400	7,169,124,800	732,540,450	12,016,628	7,181,141,428	1.42	6,956,465,593	
2012	* 16,130,300	4,900,422,400	590,234,900	4,539,500	252,992,300	5,764,319,400	659,913,200	11,362,189	5,775,681,589	1.79	6,881,985,278	
2013	16,472,400	4,894,705,110	588,899,400	4,539,500	252,173,500	5,756,789,910	656,601,900	9,368,010	5,766,157,920	1.80	6,603,712,425	
2014	16,727,600	4,879,173,310	584,383,400	4,539,200	249,503,700	5,734,327,210	657,086,100	8,380,841	5,742,708,051	1.87	6,519,107,090	
2015	17,538,800	4,883,842,510	577,300,700	4,539,200	246,801,000	5,730,022,210	657,073,600	7,948,928	5,737,971,138	1.97	6,746,283,622	
2016	17,238,900	4,879,919,300	569,184,400	3,891,000	240,140,600	5,710,374,200	672,102,200	8,386,600	5,718,760,800	2.05	6,805,822,663	
2017	16,524,600	4,895,004,400	563,938,000	3,891,000	243,149,800	5,722,507,800	699,897,000	8,116,600	5,730,624,400	2.11	7,107,693,577	
2018	* 22,525,800	5,998,997,600	692,562,000	7,212,800	308,366,600	7,029,664,800	912,136,400	10,160,600	7,039,825,400	1.75	7,359,549,675	

* - Revaluation year.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Montclair Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Montclair Township	Essex County	
	Basic Rate ^a	Obligation Debt Service ^b				
2009	\$ 1.38		\$ 1.38	\$ 0.61	\$ 0.40	\$ 2.39
2010	1.44		1.44	0.67	0.41	2.52
2011	1.42		1.42	0.72	0.42	2.56
2012	* 1.79 *		1.79 *	0.92 *	0.54 *	3.25
2013	1.80		1.80	0.94	0.56	3.30
2014	1.87		1.87	0.94	0.59	3.41
2015	1.97		1.97	0.95	0.61	3.53
2016	2.05		2.05	0.96	0.62	3.63
2017	2.11		2.11	0.98	0.64	3.73
2018	* 1.75 *		1.75 *	0.82 *	0.52 *	3.09

* - Revaluation year.

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

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2018			2010		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliffe Apartments		\$ 18,757,000	0.26 %	Lackawanna Associates	\$ 20,543,700	0.28 %
Bellclair, LLC		14,389,300	0.20 %	Bellclair, LLC	17,935,500	0.24 %
Hawthorne Towers, LLC		14,209,100	0.20 %	Hawthorne Towers Partnership	14,276,100	0.19 %
Lackawanna 2013 LLC		14,044,000	0.20 %	Princeton Bank & Industry Consulting Group	13,700,400	0.18 %
Orange Pavilion, LLC		10,764,800	0.15 %	Rockcliffe Apartments	12,236,500	0.17 %
First Montclair, LLC		10,327,600	0.15 %	45 Church Street Associates	9,665,700	0.13 %
39-51 Church Street Association		10,126,800	0.14 %	Orange Pavilion	9,260,100	0.12 %
The Midland Realty Group		8,862,500	0.12 %	Richard Grabowsky, LLC	8,525,100	0.12 %
500 Valley Road LLC		7,992,600	0.11 %	Gordonhurst Associates	8,474,200	0.11 %
Barol Investment Group LLC		7,839,800	0.11 %	Midland Realty Associates	7,355,400	0.10 %
Total		\$ 117,313,500	1.64 %		\$ 121,972,700	1.64 %

Source: Municipal Tax Assessor

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 96,869,014	\$ 96,869,014	100.00%	\$ -0-
2011	101,103,844	101,103,844	100.00%	-0-
2012	97,509,698	97,509,698	100.00%	-0-
2013	97,509,698	97,509,698	100.00%	-0-
2014	97,509,698	97,509,698	100.00%	-0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-
2017	109,921,598	109,921,598	100.00%	-0-
2018	112,636,548	112,636,548	100.00%	-0-
2019	115,941,279	115,941,279	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: Montclair Township School District records including the Certificate and Report of School Taxes (A4F Form)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2010				\$ -0-	0.00 %	\$ -0-
2011				-0-	0.00 %	-0-
2012				-0-	0.00 %	-0-
2013				-0-	0.00 %	-0-
2014				-0-	0.00 %	-0-
2015		\$ 251,561		251,561	0.01 %	6.64
2016		370,546		370,546	0.02 %	9.63
2017		295,855		295,855	0.01 %	7.66
2018		125,776		125,776	0.01 %	3.28
2019		39,649		39,649	0.00 %	1.03

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

- 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.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Montclair	\$ 74,314,083	100.00%	\$ 74,314,083
Essex County General Obligation Debt	524,217,998	8.21%	<u>43,018,983</u>
Subtotal, Overlapping Debt			117,333,066
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u>\$ 117,333,066</u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Montclair. 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.

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 Montclair Township's equalized property value that is within the Essex County's boundaries and dividing it by Essex County's total equalized property value.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis	Montclair Township
2018	\$ 7,790,828,771
2017	7,300,048,220
2016	7,071,670,836
	<u>\$22,162,547,827</u>
Average Equalized Valuation of Taxable Property	<u>\$ 7,387,515,942</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 295,500,638
Net Bonded School Debt as of June 30, 2019	-0-
Legal Debt Margin	<u>\$ 295,500,638</u>

Montclair Township Debt Information

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$293,078,040	\$290,962,228	\$283,899,181	\$ 273,247,823	\$ 266,007,265
Total Net Debt Applicable to Limit	<u>98,199,040</u>	<u>98,951,394</u>	<u>78,553,510</u>	<u>80,327,640</u>	<u>71,192,725</u>
Legal Debt Margin	<u>\$194,879,000</u>	<u>\$192,010,834</u>	<u>\$205,345,671</u>	<u>\$ 192,920,183</u>	<u>\$ 194,814,540</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	33.51%	34.01%	27.67%	29.40%	26.76%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$264,469,326	\$267,474,394	\$274,796,198	\$ 191,622,921	\$ 295,500,638
Total Net Debt Applicable to Limit	<u>72,870,022</u>	<u>67,789,226</u>	<u>70,707,543</u>	<u>71,214,780</u>	<u>74,314,083</u>
Legal Debt Margin	<u>\$191,599,304</u>	<u>\$199,685,168</u>	<u>\$204,088,655</u>	<u>\$ 120,408,141</u>	<u>\$ 221,186,555</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	27.55%	25.34%	25.73%	37.16%	25.15%

^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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2010	37,687	\$ 1,955,352,308	\$ 51,884	6.80%
2011	37,795	2,043,878,010	54,078	6.80%
2012	37,750	2,068,058,250	54,783	6.70%
2013	37,792	2,092,505,248	55,369	6.70%
2014	37,840	2,187,795,280	57,817	5.20%
2015	37,859	2,276,499,529	60,131	4.30%
2016	38,478	2,358,201,186	61,287	4.00%
2017	38,619	2,454,391,926	63,554	3.80%
2018	38,376	2,438,948,304	63,554 *	3.20%
2019	38,376 **	2,438,948,304 ***	63,554 *	N/A

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

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

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

N/A - Information not available

Source:

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

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

c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2019		2010		Percentage of Total Employment
Employer	Employees	Employer	Employees	

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	469.0	442.0	437.0	433.1	454.0	467.9	470.9	480.4	458.6	449.6
Special Education	112.0	112.0	114.0	147.9	163.0	143.6	141.8	134.6	132.7	134.6
Support Services:										
Student & Instruction Related Services	123.0	108.0	106.0	95.8	272.0	301.4	336.7	343.5	328.6	330.2
School Administrative Services	71.0	64.0	66.0	46.8	49.0	49.5	48.5	49.0	45.5	45.5
General and Business Administrative Services	6.0	5.0	6.0	5.7	4.0	3.0	3.0	4.3	4.3	4.3
Plant Operations and Maintenance	61.0	60.0	60.0	63.0	61.0	61.0	62.0	63.0	65.0	65.0
Pupil Transportation	2.0	2.0	2.0	2.0	3.0	3.0	3.5	4.0	4.0	4.0
Business and Other Support Services	15.0	15.0	14.0	2.0	14.0	20.7	20.7	20.0	22.7	22.7
Total	859.0	808.0	805.0	796.3	1,020.0	1,050.1	1,087.0	1,098.8	1,061.4	1,055.9

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2010	6,673	\$ 118,208,684	\$ 17,714	3.74 %	676	11.5:1	8.7:1	10.6:1	6,662	6,350	0.39 %	95.32 %
2011	6,645	114,843,927	17,283	-2.44 %	640	10.9:1	8.6:1	10.3:1	6,635	6,339	-0.41 %	95.54 %
2012	6,638	114,356,275	17,228	-0.32 %	637	12.8:1	8.5:1	10.0:1	6,638	6,352	0.05 %	95.69 %
2013	6,667	120,558,363	18,083	4.96 %	699	12.7:1	9.1:1	11.5:1	6,667	6,464	0.44 %	96.96 %
2014	6,736	122,804,156	18,231	0.82 %	704	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	708	10.1:1	8.2:1	9.7:1	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	757	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	723	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %
2018	6,635	137,882,111	20,781	0.69 %	720	12.1:1	9.7:1	12.9:1	6,664	6,323	-0.13 %	94.88 %
2019	6,659	149,479,456	22,448	8.02 %	720	12.1:1	9.7:1	12.9:1	6,664	6,323	0.00 %	94.88 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District/Building</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,962	1,972	1,952	1,966	1,981	1,946	2,018	2,029	2,047	2,071
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	689	702	717	711	678	680	649	640	641	674
Buzz Aldrin Middle School										
Square Feet	125,799	125,799	125,799	125,799	126,568	126,568	126,568	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	580	578	554	545	546	646	642	659	658	658
Renaissance Middle School										
Square Feet	38,722	38,722	38,722	38,722	37,167	37,167	37,167	37,167	37,167	37,167
Capacity (students)	245	345	345	345	345	345	345	345	345	345
Enrollment	251	243	253	262	269	276	284	289	280	256
Bradford Elementary School										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	484	471	451	450	427	441	431	426	430	436
Bullock Elementary School										
Square Feet	N/A	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	N/A	550	550	550	550	550	550	550	550	550
Enrollment	N/A	399	433	442	384	481	463	439	448	448

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	299	289	305	296	396	284	288	283	291	280
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	629	620	650	626	531	560	587	591	521	576
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	521	479	479	469	467	489	458	423	394	415
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	426	442	456	448	442	441	436	415	416	411
Rand Elementary School										
Square Feet	38,722	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	345	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	355	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Watchung Elementary School										
Square Feet	34,638	34,638	34,638	34,638	52,109	52,109	52,109	52,109	52,109	52,109
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	461	450	457	452	448	441	439	432	426	425
N/A- Not Applicable										

Number of Schools at June 30, 2019

 Elementary = 8

 Middle School = 3

 High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:

Required Maintenance for School Facilities (11-000-261-XXX)

School Facilities *	Projects #	2010	2011	2012	2013	2014
Bradford Elementary School	N/A	\$ 31,035	\$ 26,981	\$ 43,151	\$ 39,659	\$ 37,641
Bullock Elementary School	N/A		6,658	41,767	50,835	68,502
Edgemont Elementary School	N/A	23,866	19,498	24,522	28,724	32,790
Glenfield Middle School	N/A	80,054	71,614	132,436	95,360	103,155
Hillside Elementary School	N/A	40,557	51,563	116,235	88,680	84,818
Montclair High School	N/A	151,815	170,205	294,124	305,909	266,067
Buzz Aldrin Middle School	N/A	49,797	44,008	114,523	111,671	34,966
Nishuane Elementary School	N/A	26,891	38,097	64,539	55,792	42,586
Northeast Elementary School	N/A	20,972	46,597	46,998	58,313	56,390
Rand Elementary School	N/A	14,424				
Renaissance Middle School	N/A		27,319	58,794	39,390	36,368
Watchung Elementary School	N/A	30,828	36,402	40,292	34,732	40,991
		<u>\$ 470,239</u>	<u>\$ 538,942</u>	<u>\$ 977,381</u>	<u>\$ 909,065</u>	<u>\$ 804,274</u>

School Facilities *	Projects #	2015	2016	2017	2018	2019
Bradford Elementary School	N/A	\$ 35,946	\$ 23,657	\$ 70,566	\$ 88,175	\$ 59,008
Bullock Elementary School	N/A	41,652	31,932	39,862	31,715	49,764
Edgemont Elementary School	N/A	27,907	38,554	27,947	125,787	49,284
Glenfield Middle School	N/A	122,785	90,628	116,527	78,449	171,152
Hillside Elementary School	N/A	58,285	51,443	68,343	172,021	73,593
Montclair High School	N/A	279,625	277,444	321,473	476,500	435,569
Buzz Aldrin Middle School	N/A	12,693	135,193	47,739	66,341	69,830
Nishuane Elementary School	N/A	61,091	25,059	51,998	72,105	41,829
Northeast Elementary School	N/A	51,954	71,012	1,275	80,527	175,386
Renaissance Middle School	N/A	61,288	40,343	55,057	45,224	67,715
Watchung Elementary School	N/A	29,641	54,262	121,022	100,427	59,620
		<u>\$ 782,867</u>	<u>\$ 839,527</u>	<u>\$ 921,809</u>	<u>\$ 1,337,271</u>	<u>\$ 1,252,750</u>

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

Source: Montclair Township School District records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools Insurance Group Insurance Package:		
Property - Blanket Building & Contents	\$ 282,824,525	\$ 5,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	
Excess Liability Coverage	10,000,000	
Electronic Data Processing	3,009,058	
Boiler and Machinery - Property Damage	Included	
Board of Education Legal Liability Coverage A (E&O and EPLI)	1,000,000	20,000
Aggregate	3,000,000	
Board of Education Legal Liability Coverage B	100,000	20,000
Aggregate	300,000	
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
NUEP (Excess Coverage)	30,000,000	
Starstone/Markel		
Additional Excess Liability		
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
State National Insurance Company, Inc.:		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Public Employees' Faithful Performance Bonds -		
Travelers Insurance Company:		
Andrea Del Guercio - Treasurer	456,000	
Emidio D'Andrea - Business Administrator	456,000	
Student & Athletic Accident Coverage - US Fire Insurance:		
Limit including all sports activities - Standard Plan, Medical	25,000	
Benefit Period - 3 years		
Limit including all sports activities - Excess Coverage Plan, Medical	5,000,000	25,000
Benefit Period - 10 years		
Catastrophic Cash	1,000,000	

Source: Montclair Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
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Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Montclair Township School District
County of Essex, 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 "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

The Honorable President and Members
of the Board of Education
Montclair Township School District
Page 2

Compliance and Other Matters

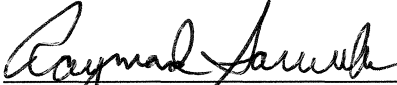
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

November 22, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant



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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Montclair Township School District
County of Essex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Montclair Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

The Honorable President and Members
of the Board of Education
Montclair Township School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

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

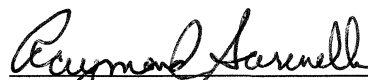
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 22, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

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

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		Amount Provided to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education - Passed-through												
State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
84.027	IDEA-3310-19		7/1/18	6/30/19	\$ 1,833,898		\$ 1,230,058	\$ (1,652,682)		\$ (422,624)		
84.027	IDEA-3310-18		7/1/17	6/30/18	1,625,729		281,784					
84.173	IDEA-3310-19		7/1/18	6/30/19	115,934		44,282	(84,509)		(40,227)		
84.173	IDEA-3310-18		7/1/17	6/30/18	57,401		5,385					
84.173	IDEA-3310-17		7/1/16	6/30/17	43,465				\$ (1,542)	(462,851)		
Subtotal Special Education Cluster												
Elementary and Secondary Education Act:												
84.010	ESEA-3310-19		7/1/18	6/30/19	630,182		182,144	(489,738)		(307,594)		
84.010	ESEA-3310-19		2/1/19	9/30/19	34,528			(13,841)		(13,841)		
84.010	ESEA-3310-18		7/1/17	6/30/18	612,867		248,448					
84.010	ESEA-3310-19		7/1/18	6/30/19	246,145		49,084	(185,219)		(136,135)		
84.010	ESEA-3310-18		7/1/17	6/30/18	28,943		17,938					
84.367A	ESEA-3310-19		7/1/18	6/30/19	169,805		55,874	(79,735)		(23,861)		
84.367A	ESEA-3310-18		7/1/17	6/30/18	143,446		61,761					
84.365A	ESEA-3310-18		7/1/17	6/30/18	10,290		3,569	(6,682)		(6,682)		
84.365A	ESEA-3310-19		7/1/18	6/30/19	9,024		1,848					
84.358	ESEA-3310-18		7/1/17	6/30/18	10,071		1,900	(20,398)		(18,498)		
84.358	ESEA-3310-19		7/1/18	6/30/19	41,495							
Total U.S. Department of Education							2,184,075	(2,532,804)	(1,542)	(969,462)		
Total Special Revenue Fund							2,184,075	(2,532,804)	(1,542)	(969,462)		
U.S. Department of Health and Human Services - Passed-through State Department of Human Services:												
Medical Cluster:												
93.778	N/A		7/1/18	6/30/19	72,816		72,816	(72,816)				
Total General Fund/Medicaid Cluster							72,816	(72,816)				
Total U.S. Department of Health and Human Services												
U.S. Department of Agriculture - Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
10.553	N/A		7/1/18	6/30/19	52,960		47,882	(52,960)		(5,078)		
10.553	N/A		7/1/17	6/30/18	51,686		4,013					
10.555	N/A		7/1/18	6/30/19	402,689		367,293	(402,689)		(35,396)		
10.555	N/A		7/1/17	6/30/18	388,660		(28,844)					
10.555	N/A		7/1/18	6/30/19	81,550		81,550	(75,793)		\$ 5,757		
10.555	N/A		7/1/17	6/30/18	88,946			(108)		(40,474)		
Subtotal Child Nutrition Cluster							529,582	(531,550)		(40,474)		
Total U.S. Department of Agriculture							529,582	(531,550)		(40,474)		
TOTAL FEDERAL AWARDS							\$ 2,786,473	\$ (3,137,170)	\$ (1,542)	\$ (1,009,936)	\$ 5,757	\$ -0-

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

N/A - Not Available/Applicable

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

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	\$ 5,175,373			\$ 4,669,340	\$ (5,175,373)				\$ 506,033	\$ 5,175,373	
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	4,260,034			411,324	(1,175,389)				114,926	1,175,389	
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	1,175,389			1,060,463	(755,225)				73,844	755,225	
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	1,175,389			113,489	(322,539)				31,537	322,539	
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	755,225			681,381							
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	749,384			72,356							
Adjustment Aid	19-495-034-5120-085	7/1/18	6/30/19	322,539			291,002							
Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	503,304			48,596							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	68,020			6,568							
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	6/30/18	68,020			6,568							
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	6/30/18	67,800			6,546							
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	6/30/19	1,579,938			1,354,551	(1,579,938)				1,579,938	1,579,938	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	6/30/18	1,354,551			80,910	(72,790)				72,790	72,790	
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18	6/30/19	72,790										
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	6/30/18	80,910										
On-Behalf TPAF Contributions:														
Post-Retirement Medical Pension	19-495-034-5094-001	7/1/18	6/30/19	4,934,461			4,934,461	(4,934,461)					4,934,461	
Non-Contributory Insurance	19-495-034-5094-002	7/1/18	6/30/19	10,655,434			10,655,434	(10,655,434)					10,655,434	
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	223,046			223,046	(223,046)					223,046	
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18	6/30/19	8,249			8,249	(8,249)					8,249	
Reimbursed TPAF Social Security Aid	18-495-034-5094-003	7/1/17	6/30/18	4,107,849			3,851,510	(4,053,603)				202,093	4,053,603	
Total General Fund State Aid							28,682,382	(28,956,047)				(1,854,821)	2,581,161	28,956,047
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	95,853			95,853	(94,628)				\$ 1,225	94,628	
Textbook Aid (Chapter 194)	18-100-034-5120-064	7/1/17	6/30/18	94,277										
Nursing Services (Chapter 226)	19-100-034-5120-070	7/1/18	6/30/19	174,115			174,115	(174,115)					174,115	
Auxiliary Services (Chapter 192):														
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	111,507			111,507	(109,811)				1,696	109,811	
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	62,717										
English as a Second Language	18-100-034-5120-067	7/1/17	6/30/18	903										
Home Instruction	19-100-034-5120-067	7/1/18	6/30/19	8,176										
Home Instruction	18-100-034-5120-067	7/1/17	6/30/18	8,818			8,818	(8,176)				8,176	8,176	
Handicapped Services (Chapter 193):														
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	66,371			66,371	(64,233)				2,138	64,233	
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	58,679										
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	128,844			128,844	(94,813)				34,031	94,813	
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	98,455										
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	20,713			20,713	(12,767)				7,946	12,767	
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	23,213										

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

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Special Revenue Fund (Cont'd):														
NJ Nonpublic Aid (Cont'd):														
Security Aid	19-100-034-5120-509	7/1/18	6/30/19	\$ 269,250	\$ (8,818)	33,601	\$ 269,250	\$ (244,098)		\$ (3,501)	\$ 25,152	\$ 25,152	\$ 244,098	
Security Aid	18-100-034-5120-509	7/1/17	6/30/18	129,075		3,501								
Technology Initiative	19-100-034-5120-373	7/1/18	6/30/19	64,620		4,596	64,620	(64,011)		(4,596)	609	609	64,011	
Technology Initiative	18-100-034-5120-373	7/1/17	6/30/18	63,677										
Total Special Revenue Fund					\$ (8,818)	33,601	940,091	(866,652)		(33,601)	(8,176)	72,797	8,176	866,652
Enterprise Fund:														
State School Lunch Program	19-100-010-3350-023	7/1/18	6/30/19	13,832	(1,008)		12,572	(13,832)			(1,260)		1,260	13,832
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	12,911			1,008							
Total Enterprise Fund					(1,008)		13,580	(13,832)			(1,260)		1,260	13,832
Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/19	990,572	(990,572)									990,572
	Various	Various	Various	7,072,136	(2,035,275)		717,401	\$ 183,486						1,134,388
Total Capital Projects Fund					(3,025,847)		717,401	183,486					2,124,960	5,937,748
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$ (5,343,169)	\$ 33,601	\$ 30,353,454	\$ (29,836,531)	\$ 183,486	\$ (33,601)	\$ (1,864,257)	\$ 72,797	\$ 4,715,557	\$ 35,774,279
Less - State Awards Not Subject to Single Audit Major Program Determination:														
On-Behalf TPAF Pension System Contributions:														
Post-Retirement Medical	19-495-034-5094-001	7/1/18	6/30/19	4,934,461				4,934,461						
Pension	19-495-034-5094-002	7/1/18	6/30/19	10,655,434				10,655,434						
Non-Contributory Insurance	19-495-034-5094-004	7/1/18	6/30/19	223,046				223,046						
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	8,249				8,249						
Subtotal On-Behalf TPAF Pension System Contributions								15,821,190						
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION								\$ (14,015,341)						

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Township of Montclair School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects 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 year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the SDA grants which are realized as revenue upon their award, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures and when funds are submitted for reimbursement.

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(60,893) for the General Fund and \$63,793 for the Special Revenue Fund (of which \$(4,963) is for local grants not reflected on the schedules of assistance). See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 72,816	\$ 28,895,154	\$ 28,967,970
Special Revenue Fund	2,585,257	882,955	3,468,212
Food Service Fund	531,550	13,832	545,382
Total Financial Assistance	\$ 3,189,623	\$ 29,791,941	\$ 32,981,564

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 year ended June 30, 2019. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$2,124,960 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2019. As of June 30, 2019 none of these funds have been expended, submitted for reimbursement or been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

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

Summary of Auditors' Results:

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

	Federal CFDA/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
Special Education Cluster:				
IDEA Part B, Basic	84.027	7/1/18-6/30/19	\$ 1,833,898	\$ 1,652,682
IDEA Part B, Preschool	84.173	7/1/18-6/30/19	115,934	84,509
State:				
Extraordinary Special Education Costs				
Aid	19-495-034-5120-044	7/1/18-6/30/19	1,579,938	1,579,938
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	4,053,603	4,053,603

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

Summary of Auditors' Results: (Cont'd)

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

The District had no prior year audit findings.