

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE  
COUNTY OF MIDDLESEX, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Prepared by**

**Michael C. Gorski, CPA, Board Secretary/School Business Administrator  
and  
The School Business Administrator's Staff  
of the Monroe Township Board of Education**

**TABLE OF CONTENTS**

		<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal .....		1-6
Organizational Chart .....		7
Roster of Officials .....		8
Consultants and Advisors .....		9
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report .....		10-12
<b>Required Supplementary Information – Part I</b>		
Management's Discussion and Analysis .....		13-27
<b>Basic Financial Statements</b>		
A. District-wide Financial Statements:		
A-1 Statement of Net Position .....		28
A-2 Statement of Activities .....		29
B. Fund Financial Statements:		
Governmental Funds:		
B-1 Balance Sheet .....		30-31
B-2 Statement of Revenues, Expenditures and Change in Fund Balance .....		32
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....		33
Proprietary Funds:		
B-4 Statement of Net Position .....		34
B-5 Statement of Revenues, Expenses and Change in Fund Net Position .....		35
B-6 Statement of Cash Flows .....		36
Fiduciary Funds:		
B-7 Statement of Fiduciary Net Position .....		37
B-8 Statement of Change in Fiduciary Net Position .....		38
<b>Notes to the Financial Statements</b> .....		39-96

**TABLE OF CONTENTS (CONTINUED)**

Page

**FINANCIAL SECTION (CONTINUED)**

**Required Supplementary Information – Part II**

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule – General Fund .....	97-108
C-2	Budgetary Comparison Schedule – Special Revenue Fund.....	109

**Notes to the Required Supplementary Information**

C-3	Budget-to-GAAP Reconciliation .....	110
-----	-------------------------------------	-----

**Required Supplementary Information – Part III**

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability .....	111
L-2	Schedule of District Contributions – PERS .....	112
L-3	Schedule of District's Proportionate Share of the Net Pension Liability – TPAF .....	113

M. Schedules Related to Accounting and Reporting for OPEB (GASB 75) (new)

M-1	Schedule of Changes in Total OPEB Liability and Related Ratios .....	114
-----	--	-----

**Other Supplementary Information**

D. School Level Schedules:

D-1	Combining Balance Sheet.....	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual.....	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual.....	N/A

E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund – Budgetary Basis .....	115
-----	---	-----

F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures .....	N/A
F-2	Summary Schedule of Revenues, Expenditures and Change in Fund Balance – Budgetary Basis .....	N/A
F2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis .....	N/A

**TABLE OF CONTENTS (CONTINUED)**

		<u>Page</u>
<b>Other Supplementary Information (Continued)</b>		
G.	Proprietary Funds:	
	Enterprise Fund:	
	G-1 Statement of Net Position .....	N/A
	G-2 Statement of Revenues, Expenses and Change in Fund Net Position .....	N/A
	G-3 Statement of Cash Flows .....	N/A
	Internal Service Fund:	
	G-4 Combining Statement of Net Position .....	N/A
	G-5 Combining Statement of Revenues, Expenses and Change in Fund Net Position .....	N/A
	G-6 Combining Statement of Cash Flows .....	N/A
H.	Fiduciary Funds:	
	H-1 Schedule of Receipt and Disbursement – Payroll Agency Fund .....	116
	H-2 Schedule of Receipt and Disbursement – Student Activity Agency Fund .....	117
I.	Noncurrent Debt:	
	I-1 Schedule of Serial Bonds .....	118
	I-2 Schedule of Obligations Under Capital Leases .....	119
	I-3 Debt Service Fund Budgetary Comparison Schedule .....	120

**STATISTICAL TABLES (SECTION) (Unaudited)**

J	Introduction to Statistical Section .....	121
	Financial Trends:	
	J-1 Net Position by Component .....	122
	J-2 Changes in Net Position .....	123-125
	J-3 Fund Balances, Governmental Funds .....	126
	J-4 Changes in Fund Balances, Governmental Funds .....	127-128
	J-5 General Fund Other Local Revenue by Source .....	129
	Revenue Capacity:	
	J-6 Assessed Value and Actual Value of Taxable Property .....	130
	J-7 Direct and Overlapping Property Tax Rates .....	131
	J-8 Principal Property Taxpayers .....	132
	J-9 School Tax Levies and Collections .....	133

**TABLE OF CONTENTS (CONTINUED)**

<b>STATISTICAL TABLES (SECTION) (Unaudited) (Continued)</b>		<u>Page</u>
Debt Capacity:		
J-10	Ratios of Outstanding Debt by Type .....	134
J-11	Ratios of Net General Bonded Debt Outstanding .....	135
J-12	Direct and Overlapping Governmental Activities Debt.....	136
J-13	Legal Debt Margin Information.....	137
Demographic and Economic Information:		
J-14	Demographic and Economic Statistics.....	138
J-15	Principal Employers.....	139
Operating Information:		
J-16	Full time Equivalent District Employees by Function/Program .....	140
J-17	Operating Statistics .....	141
J-18	School Building Information .....	142
J-19	Schedule of Required Maintenance for School Facilities .....	143
J-20	Insurance Schedule .....	144-145

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	146-147
K-2	Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance .....	148-150
K-3	Schedule of Expenditures of Federal Awards, Schedule A .....	151
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B .....	152-153
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	154-155
K-6	Schedule of Findings and Questioned Costs.....	156-157
K-7	Summary Schedule of Prior Year Audit Findings.....	158

## **INTRODUCTORY SECTION**

# MONROE TOWNSHIP BOARD OF EDUCATION

423 Buckelew Avenue  
Monroe Township, NJ 08831  
732-521-1500

DR. DORI L. ALVICH  
Superintendent of Schools

MICHAEL C. GORSKI, CPA  
Board Secretary/  
School Business Administrator

January 21, 2021

Honorable President and Members  
of the Board of Education  
Monroe Township School District  
County of Middlesex, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Monroe Township School District (District) for the fiscal year ended June 30, 2020. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement (GASB) 34. The District is required to adopt this financial reporting model which we believe will provide all users of this document with useful financial and statistical information. 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 financial position and results of operations of the District. This report will provide the taxpayers of the Monroe Township School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District.
- The Financial Section begins with the Independent Auditors' Report and includes the Managements Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Tables (Section) includes selected data on Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information and Operating Information of the School District, generally presented on a multi-year basis.

- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit including the independent auditor’s report on compliance for each major federal and state program and report on internal control over compliance along with findings and questioned costs if any, is included in the single audit section of this report.

1) SCHOOL DISTRICT ORGANIZATION: Located in Middlesex County, the Monroe Township School District receives children from Monroe Township grades Pre K through 12 and Jamesburg Borough for grades 9 through 12. The district provides education to 6,809 students. Regarding Monroe Township, the municipality contains a land area of approximately 41.94 square miles.

An elected 10 member Board of Education including the Jamesburg representative member (The “Board”) serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the Chief Executive Officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the Chief Financial Officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

2) REPORTING ENTITY: Monroe Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement 14. All funds of the District are included in this report. The Monroe Township Board of Education and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education. The District completed the 2019-2020 fiscal year with an average daily enrollment of 6,924 students which is 115 students above the previous year’s average daily enrollment. The following details the changes in the average daily enrollment of the District over the last ten (10) years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2019 - 20	6,924	1.69%
2018 - 19	6,809	0.30%
2017 - 18	6,786	0.70%
2016 - 17	6,740	3.82%
2015 - 16	6,492	2.50%
2014 - 15	6,334	3.21%
2013 - 14	6,137	1.74%
2012 - 13	6,032	2.81%
2011 - 12	5,867	3.64%
2010 - 11	5,661	2.83%



3) MAJOR INITIATIVES: The Monroe Township Board of Education commits itself to all children by preparing them to reach their full potential and to function in a global society through a preeminent education. The Monroe Public Schools in collaboration with the members of the community shall ensure that all children receive an exemplary education by well-trained committed staff in a safe and orderly environment. Our belief is that all decision are made on the premise that children come first.

The district is experiencing huge growth in our enrollment which challenges our classrooms. The State of NJ has revised the New Jersey Student Learning Standards and we have revised our curriculum to adhere to those standards as well as incorporated College and Career Ready Practices. All classrooms use resources and curriculum to prepare students for statewide assessments as well as prepare students for college, life, and career. Additional offerings include but are not limited to an evolving definition of balanced literacy and readers and writers workshop models, a developing online formative assessment system, implementation of social and emotional practices and restorative practices to support students, and the continuation of a 1:1 iPad learning device environment at our high school. Technology is available and utilized throughout the K-12 classrooms and teachers follow the technology standards to ensure that all students are introduced and have adequate time to practice skills. The Gifted and Talented program for grades K-8 will continue in 2019-2020 which includes after school programs for eligible students as well as the inclusion of the cluster grouping program from grades two through five. The district revised and wrote curricula for courses to align to the standards and best practices utilizing the Rubicon Atlas Curriculum tool. Additionally, the use of formative assessments such as *DRA2*, *MAP*, and *Edmentum* online assessments will allow our teachers to prepare their instruction appropriately to meet the needs of each individual learner. At the high school level, we are focusing efforts to partner with colleges and corporations to bring opportunities to our students. Throughout our district, teachers focus on integration of subject areas through STEM, Science, Technology, Engineering, and Mathematics. We are also incorporating practices to focus our attention on the Whole Child and social-emotional learning. We are exploring restorative justice and mindfulness activities for all staff and students.

The Monroe Township School District hires new teachers and staff each year primarily due to growing enrollment. We have developed and implemented the mentoring/induction program which provides four tiers of support: 1) All new novice teachers attend a structured four-day New Teacher Orientation and receive instruction in planning, preparation, classroom management, instructional strategies, and district policies; 2) All new novice teachers receive an experienced mentor and all mentors receive formal training on adult learning theory and mentoring techniques; 3) The district staff developers use a coaching model to conduct informal classroom observations and feedback sessions for every new teacher; 4) All new novice teachers participate in a five-day structured professional development program throughout the year that addresses specific concerns related to the first year of teaching. All teachers stay together as a professional learning community cohort for their first three years in the district. We have also incorporated training for all non-certified staff including substitute teachers, paraprofessionals secretaries, and bus drivers.

The district is continuing a major initiative in the form of AVID which stands for Advancement Via Individual Determination. Each word is an integral part of guiding our students towards being ready for a rich college experience if they choose this path in their lives. The program has been in effect and growing at the high school and middle school levels and has moved into the elementary schools during the 2019-2020 school year. The program focuses heavily on literacy skills that will enable students to become stronger learners. There are several specific strategies that can be used by all teachers with our students that will be in place throughout the school year. These include the use of Cornell Note-Taking, WICOR (Writing, Inquiry, Collaboration, Organizational, and Reading) strategies, and Costa's levels of questioning (comparable to Bloom's taxonomy of how people learn). The success of the program is based on AVID's Secondary Coaching & Certification Instrument (CCI) which provides a systematic pathway to impact more students through the implementation of AVID at the high school and middle school. The CCI is structured around the four key Domains of: Instruction, Systems, Leadership, and Culture. The four Domains are further defined through Subdomains that monitor the level of AVID implementation using multiple Indicators. We have currently certified at both of our sites as we begin to look at school wide implementation over the next several years at the elementary, middle and high school levels. Our goal is to train all teachers in the AVID strategies as they use best practices to engage and instruct students.

The district is moving forward with its STEM initiative. Our supervisor of fine and technical arts, in collaboration with the high school teachers, has obtained certification with Project Lead the Way (PLTW), the nation's leading provider of science, technology, engineering, and math (STEM) programs. Through world-class K-12 curriculum, high-quality teacher professional development, and outstanding partnerships, PLTW is helping students develop the skills needed to succeed in the global economy. We are looking to coordinate our curriculum to include STEM projects throughout the disciplines. We have created Makerspaces in all eight of our schools to support this initiative.

During the 2018-2019 school year, the Monroe Township School District continued its' professional development program for all staff. The program is differentiated to meet the needs of teachers at different career stages. The program included 18 year-long structured courses for our teachers and a strong induction program for our first, second, and third year teachers. Teaching staff with four or more years experience are allowed to develop classroom-based, instructionally focused projects. Project structures include Peer-Coaching, Lesson Study, Action Research, and self-created projects. Each staff member completes a summary form at the end of the year to describe what they learned, how it impacted their students, and any changes they plan for the coming school year. Coaching and ongoing professional development for our administrative team is critical towards the successful implementation of the above-mentioned initiatives.

One district goal is to expand the Whole Child Initiative across the district. During the 2018-2019 school year, the committee offered parent education, staff training in the areas of mindfulness and restorative justice, small group counseling planning for guidance counselors, and the creation of crisis protocol for any student in need utilizing the Columbia Suicide Severity Rating Scale. Our work in conjunction with the NJ Loss Coalition. This work is expanding during the 2019-2020 school year to include more parent evenings and training for staff as well as the creation of a Reunification Plan and a District Plan for after a crisis.

4) FINANCIAL INFORMATION: Internal Accounting and Budgetary Control: 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 are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is also subject to periodic evaluation by the District 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 awards, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

5) DEBT ADMINISTRATION: Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2020 the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

6) FINANCIAL STATUS: The Business Administrator and the Finance Committee continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from Monroe Township. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.

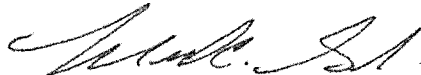
7) INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants. Gerard Stankiewicz CPA, PSA of the firm of Samuel Klein and Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



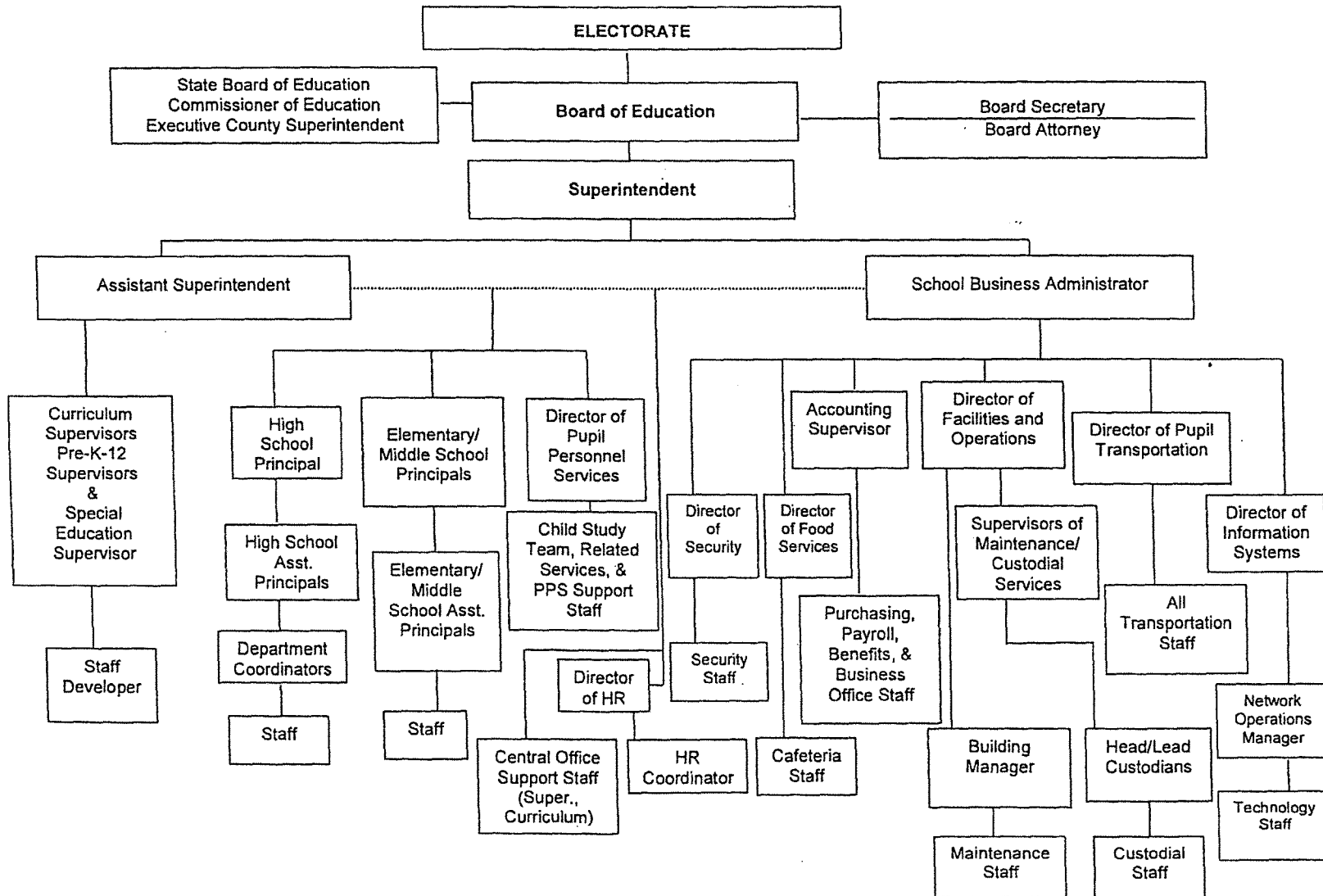
Dr. Dori L. Alvich  
Superintendent of Schools



Michael C. Gorski, CPA  
Board Secretary/School Business Administrator

**MONROE TOWNSHIP SCHOOL DISTRICT  
Administrative Organizational Chart**

**POLICY  
1110 Organizational Chart**



**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE**  
**COUNTY OF MIDDLESEX, NEW JERSEY**  
**ROSTER OF OFFICIALS**

**JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Kathy Kolupanowich, President	2020
Mr. Steven Riback, Vice President	2020
Mr. Adi Nikitinsky	2022
Ms. Michele Arminio	2022
Ms. Jill DeMaio	2020
Mr. Ken Chiarella	2022
Mr. Andy Paluri	2021
Ms. Rupa Siegel	2021
Mr. Peter Tufano	2021
Mr. Paul Rutsky (Borough of Jamesburg Representative)	2020

**Other Officials**

Dr. Dori L. Alvich, Superintendent of Schools

Dr. Adam Layman, Assistant Superintendent of Schools

Mr. Michael C. Gorski, CPA, Business Administrator/Board Secretary

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE**  
**COUNTY OF MIDDLESEX, NEW JERSEY**  
**JUNE 30, 2020**

**CONSULTANTS AND ADVISORS**

**Architects**

Design Ideas Group  
15 Bethany Street  
New Brunswick, NJ 08901

**Attorney**

Mary Smith, In-house Counsel  
423 Buckelew Ave  
Monroe Township, NJ 08831

**Health Benefits**

Gallagher Benefit Service, Inc.  
100 Matson Ford Road  
4 Radnor Corporate Ctr., Suite 510  
Radnor, PA 19087

**Independent Auditor**

Gerard Stankiewicz, CPA, RMA, PSA  
of the Firm  
Samuel Klein and Company  
36 West Main Street, Suite 303  
Freehold, NJ 07728-2291

**Official Depositories**

Provident Bank  
P.O. Box 1001  
Iselin, NJ 08830-1001

State of New Jersey  
Cash Management Fund  
Department of Treasury  
50 West State Street, 9th Floor  
Trenton, NJ 08608

**Property Consultant**

Gallagher Bollinger  
101 JFK Parkway  
Short Hills, NJ 07078-5000

**Special Counsel**

McCarter and English  
Four Gateway Center  
100 Mulberry Street  
Newark, NJ 07101-0652

**FINANCIAL SECTION**



# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Monroe Township Board of Education  
County of Middlesex, New Jersey

### Report on the Financial Statement

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 Monroe Township School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2020 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

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, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Monroe Township School District, as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF, schedule of District's contribution PERS and TPAF and budgetary comparison information as identified in the table of contents 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 Monroe Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, 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.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

The accompanying Combining and Individual Fund Financial Statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Combining and Individual Fund Financial Statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above 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 January 21, 2021, on our consideration of the Board of Education of the Monroe Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report solely is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Monroe Township School District financial 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 Monroe Township School District internal control over financial reporting compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
January 21, 2021

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

# **MONROE TOWNSHIP BOARD OF EDUCATION**

423 Buckelew Avenue  
Monroe Township, NJ 08831  
732-521-1500

DR. DORI L. ALVICH  
Superintendent  
of Schools

MICHAEL C. GORSKI, CPA  
Board Secretary/  
School Business Administrator

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

### **UNAUDITED**

#### **Management's Discussion and Analysis**

The discussion and analysis of Monroe Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

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

#### **Overview of Financial Statements**

The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

#### Financial Highlights

Key financial highlights for 2019-2020 are as follows:

- The District was initially awarded \$6,266,231 in General Fund State Aid revenue, which was an increase of \$623,857 from the 2018-2019 award.
- Although the constrictive tax levy cap has prevented many school districts in the state from budgeting for capital outlay projects, and equipment, within the budget, the District effectively managed to include significant projects and equipment in the 2019-2020 Budget exceeding \$2,000,000. Those Capital Outlay Improvements included Security Enhancing School Vestibule Projects for five school facilities that were not designed and constructed with such. Additionally, eleven New School Buses were purchased due to student enrollment or mandatory retirements due to age or condition.
- Employee health insurance is one of the largest line items in most school district budgets. Despite very aggressive negotiations with Horizon Healthcare, the previous Health Insurance Provider, The District changed health insurance providers for all staff to Aetna at a zero percent increase from the prior year, which saved \$1.7 million from Horizons final quote. Aetna's coverages are "equal or better" to Horizon's plans.
- The District issued Refunding Bonds with a Par amount of \$85,785,000 refinancing Series 2012 and 2015 Bonds outstanding recognizing total debt service savings of \$6,426,507 (after payment of all costs of issuance). Interest Savings will be realized annually through June 30, 2038 and average \$357,028 per year. Additional Savings of \$670,000 were recognized by capitalizing on aggressive pricing the refunding bonds in a strong demand environment and purchasing treasury investments for part of the refunding escrow.
- The District is in compliance with S1701 with regard to designated and undesignated reserves.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

#### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Monroe Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

*The Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Monroe School District, the General Fund is by far the most significant.

#### **Reporting the School District as a Whole**

##### **Comparative Statement of Net Position and Comparative Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019-2020?" The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and change to those position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Comparative Statement of Net Position and the Comparative Statement of Activities, the School District is divided into two kinds of activities:

**Governmental Activities** — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business Type Activities** — This service is provided on a charge for goods or services basis to recover all the expenses of the goods and services provided. The Food Service, Falcon Care and Childcare Initiative enterprise funds are reported as business activities.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

#### Reporting the School District's Most Significant Funds

##### Fund Financial Statements

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

##### Governmental Funds

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 30-33 of this report.

##### Proprietary Funds

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care. The basic proprietary fund financial statements can be found on pages 34-36 of this report.



# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

#### **Fiduciary Funds**

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

The District uses agency funds to account for resources held for student activities and groups, unemployment compensation claims and payroll related liabilities. The fiduciary fund financial statements can be found on pages 37-38 of this report.

#### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39-96 of this report.

#### **Other Information**

Combining fund statements can be found on pages 30-38 and schedules on pages 93-116 of this report.

#### **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Statement of Net Position provides the financial perspective of the District as a whole.

#### **Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The Government-wide financial statements can be found on pages 28-29 of this report.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED – (CONTINUED)

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,124,581 at the close of fiscal 2020. The following table provides a summary of net position at June 30, 2020 and 2019 relating to the District's governmental and business-type activities:

Table 1 provides a comparative summary of the School District's net position for 2020 and 2019.

**Table 1 – Comparative Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
<b>Assets</b>						
Current and other assets	\$ 11,319,826	\$ 13,508,492	\$ 932,426	\$ 1,584,517	\$ 12,252,252	\$ 15,093,009
Capital assets, net	161,103,343	163,469,052	700,641	676,163	161,803,984	164,145,215
Total Assets	\$ 172,423,169	\$ 176,977,544	\$ 1,633,067	\$ 2,260,680	\$ 174,056,236	\$ 179,238,223
<b>Deferred outflows of resources</b>						
Loss on Defeasance of Bonds	\$ 11,049,655	\$ 7,149,909			\$ 11,049,655	\$ 7,149,909
Pension	7,625,729	9,981,117			7,625,729	9,981,117
Total Deferred outflows of resources	\$ 18,675,384	\$ 17,131,026			\$ 18,675,384	\$ 17,131,026
<b>Liabilities</b>						
Current and other liabilities	\$ 13,759,300	\$ 13,251,917	\$ 49,711	\$ 55,628	\$ 13,809,011	\$ 13,307,545
Net pension liability	32,044,508	34,310,965			32,044,508	34,310,965
Long-term liabilities outstanding	121,983,500	123,154,859			121,983,500	123,154,859
Total Liabilities	\$ 167,787,308	\$ 170,717,741	\$ 49,711	\$ 55,628	\$ 167,837,019	\$ 170,773,369
<b>Deferred inflow of resources</b>						
	\$ 11,769,940	\$ 11,469,578			\$ 11,769,940	\$ 11,469,578
<b>Net Position</b>						
Net investment in capital assets	\$ 44,179,900	\$ 41,304,430	\$ 700,641	\$ 678,163	\$ 44,880,541	\$ 41,982,593
Restricted	749,302	746,802			749,302	746,802
Unrestricted (deficit)	(33,387,897)	(32,392,661)	882,635	1,528,889	(32,505,262)	(30,863,772)
Total Net Position	\$ 11,541,305	\$ 9,658,571	\$ 1,583,276	\$ 2,207,052	\$ 13,124,581	\$ 11,865,623

# **MONROE TOWNSHIP BOARD OF EDUCATION**

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

### **UNAUDITED – (CONTINUED)**

The District's combined net position were \$13,124,581 on June 30, 2020. This is an increase of \$1,258,958, or 10.61% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net decreased from the prior year due to the amount of new additions associated with the District's capital projects being less than the amount of depreciation of capital assets in the current year.

Long-term liabilities decreased due to the scheduled payment of principal on debt.

Restricted net position increased mainly due to additional interest earnings.

Unrestricted net position decreased mainly due to the planned use of fund balance for tax relief. General fund encumbrances at June 30, 2020 totaled \$120,667 as compared with \$170,471 at June 30, 2019.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED – (CONTINUED)

Table 2 shows the comparative change in net position from fiscal year 2020 and 2019.

**Table 2 – Comparative Change in Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 202,429	\$ 289,419	\$ 2,283,638	\$ 3,429,112	\$ 2,486,067	\$ 3,718,531
Operating Grants and Contributions	1,919,079	1,878,183	409,315	540,199	2,328,394	2,418,382
General Revenue:						
Property Taxes	115,696,273	111,324,053			115,696,273	111,324,053
Tuition	4,210,042	4,199,972			4,210,042	4,199,972
Federal and State Aid	31,581,216	33,456,364			31,581,216	33,456,364
Miscellaneous	505,381	585,503	23,945	17,638	529,326	603,141
<b>Total Revenue</b>	<b>154,114,420</b>	<b>151,733,495</b>	<b>2,716,898</b>	<b>3,986,949</b>	<b>156,831,318</b>	<b>155,720,444</b>
<b>Expenses:</b>						
Instruction	87,309,768	85,396,952			87,309,768	85,396,952
Tuition	2,160,257	2,454,529			2,160,257	2,454,529
Student and Instruction Related Services	19,007,547	18,041,106			19,007,547	18,041,106
School Administration	7,021,075	6,930,241			7,021,075	6,930,241
General Administration	6,359,106	6,549,102			6,359,106	6,549,102
Operation and Maintenance of Facilities	15,939,228	16,257,522			15,939,228	16,257,522
Pupil Transportation	9,811,706	10,986,975			9,811,706	10,986,975
Interest on Debt	5,026,947	5,339,913			5,026,947	5,339,913
Charter Schools	196,051	142,002			196,051	142,002
Business Type Actives			2,740,673	3,583,338	2,740,673	3,583,338
<b>Total Expenses</b>	<b>152,831,685</b>	<b>152,098,342</b>	<b>2,740,673</b>	<b>3,583,338</b>	<b>155,572,358</b>	<b>155,681,680</b>
Special and Extraordinary Items, Net	600,000	712,643	(600,000)	(600,000)	-	112,643
<b>Change in Net Position</b>	<b>1,882,735</b>	<b>347,796</b>	<b>(623,775)</b>	<b>(196,389)</b>	<b>1,258,960</b>	<b>151,407</b>
Net Position - beginning	9,658,571	9,310,775	2,207,051	2,403,440	11,865,622	11,714,215
<b>Net Position - ending</b>	<b>\$ 11,541,306</b>	<b>\$ 9,658,571</b>	<b>\$ 1,583,276</b>	<b>\$ 2,207,051</b>	<b>\$ 13,124,582</b>	<b>\$ 11,865,622</b>

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED – (CONTINUED)

### General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied; to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. These transfers were made between line items as part of the normal process as permitted by State guidelines. These significant revisions include the special education, personnel services and transportation accounts due to increased student classifications, benefits cost increases, volatile petroleum prices and increased fleet. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

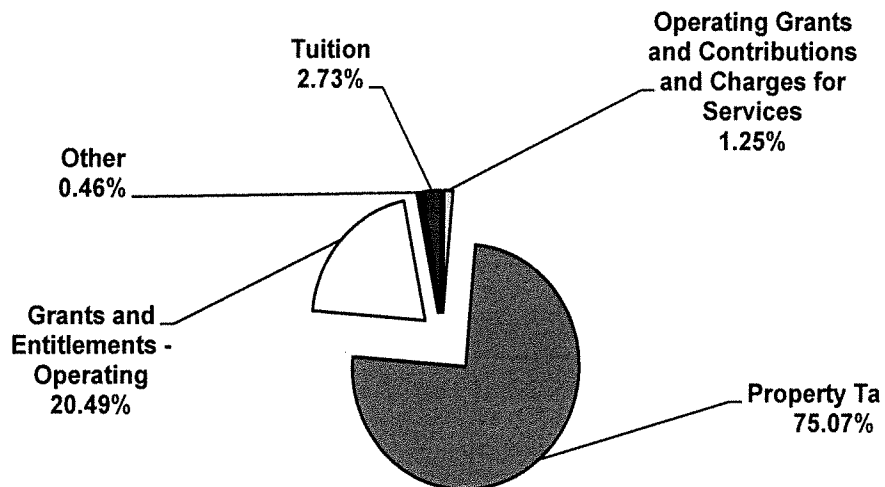
Described on the next few pages are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

### Governmental Activities

#### Revenues for Fiscal Year 2020

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes of \$115,696,723 made up 75.07% of revenue for governmental activities for the Monroe School District for fiscal year 2020. Federal, state and local grants for operating purposes accounted for another \$31,581,216 or 20.49% of revenue.

The District's total revenues were \$154,114,420 for the year ended June 30, 2020.



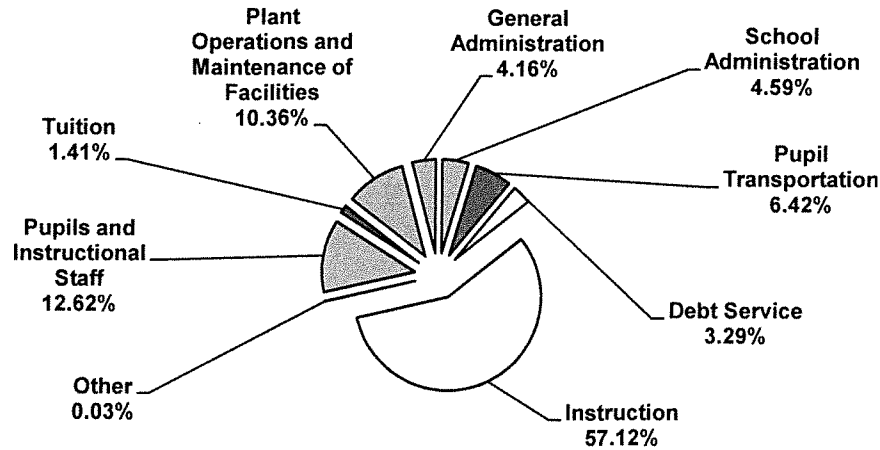
# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED – (CONTINUED)

### Expenses for Fiscal Year 2020

The District's total cost of all programs and services was \$152,831,685 for the year ended June 30, 2020.



### Governmental Activities

The Comparative Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3 - Comparative Statement of Activities**

	Total Cost of Services *			Net Cost of Services *		
	2019-2020	2018-2019	% Change	2019-2020	2018-2019	% Change
Instruction	\$ 87,309,767	\$ 85,396,951	2.24%	\$ 86,007,096	\$ 84,097,111	2.27%
Support Services:						
Tuition	2,160,257	2,454,529	-11.99%	2,160,257	2,454,529	-11.99%
Pupils and Instructional Staff	19,007,547	18,041,106	5.36%	19,007,547	18,041,106	5.36%
General Administration	6,359,106	6,549,102	-2.90%	6,168,396	6,397,782	-3.59%
School Administration	7,021,075	6,930,241	1.31%	7,021,075	6,930,241	1.31%
Operation and Maintenance of Facilities	15,939,228	16,257,522	-1.96%	15,939,228	16,257,522	-1.96%
Pupil Transportation	9,811,706	10,986,975	-10.70%	9,609,277	10,697,556	-10.17%
Charter School	196,051	142,002	38.06%	196,051	142,002	38.06%
Interest and Fiscal Charges	5,026,947	5,339,913	-5.86%	4,601,251	4,912,890	-6.34%
<b>Total Expenses</b>	<b>\$ 152,831,685</b>	<b>\$ 152,098,341</b>	<b>0.48%</b>	<b>\$ 150,710,177</b>	<b>\$ 149,930,739</b>	<b>0.52%</b>

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

Tuition relates to expenses related to placing special needs student in out of district private schools.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business operations include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School district.

“Other” includes special and charter schools.

### The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$145,468,716 and expenditures exclusive of capital projects were \$148,590,565.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal years ended June 30, 2020 and June 30, 2019, and the amount of increase and decreases in relation to prior year revenues.

### Comparative Summary of Revenues

<u>Revenue</u>	2019-2020		2018-2019		Increase/(Decrease) from 2018-2019 to 2019-2020
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 120,616,625	82.92%	\$ 116,398,948	83.28%	\$ 4,217,677
State Sources	23,300,422	16.02%	21,856,438	15.64%	1,443,984
Federal Sources	1,551,669	1.07%	1,507,304	1.08%	44,365
	\$ 145,468,716	100.00%	\$ 139,762,690	100.00%	\$ 5,706,026

Local revenues increased due to a tax levy increase, an increase in tuition and an increase in miscellaneous revenue.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

State revenue from all sources increased compared with 2020 due to a significant increase in the number of on-behalf post retirement payments.

Federal revenues decreased slightly due to reduction in special education students.

The following schedule presents a comparative summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2020 and June 30, 2019, and the increases and decreases in relation to prior year amounts.

### Comparative Summary of Expenditures

<u>Expenditures</u>	<u>2019-2020</u>		<u>2018-2019</u>		Increase/ (Decrease) from 2018-2019 to 2019-2020
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 34,518,275	23.24%	\$ 34,513,263	23.67%	\$ 5,012
Undistributed Expenditures	98,495,578	66.29%	95,982,673	65.83%	2,512,905
Capital Outlay	3,772,586	2.54%	3,775,210	2.59%	(2,624)
Charter School	196,051	0.13%	142,002	0.10%	54,049
Debt Service:					
Principal	6,590,000	4.44%	6,120,000	4.20%	470,000
Interest	5,018,075	3.38%	5,277,213	3.62%	(259,138)
	<u>\$ 148,590,565</u>	<u>100.00%</u>	<u>\$ 145,810,361</u>	<u>100.00%</u>	<u>\$ 2,780,204</u>

### Budget – Expenditures

- The modified budget for regular programs – instruction decreased from the original budget by approximately \$1,328,103 or 3.75% as a result mostly of a decrease in salaries of teachers and other purchased policy.
- The modified budget for undistributed tuition increased by \$437,000 or 19.74% as a result of a higher level of out of district placement.
- The modified budget for undistributed – unallocated benefits increased from the original budget by \$650,381 or 2.36% due to a higher level of health care costs.
- The modified budget for undistributed expenditures – transportation decreased from the original budget by approximately \$790,723 or 9.91% as a result of lesser special education transportation students in the District.
- The modified budget for security – instruction undistributed increased from the original budget by approximately \$363,000 or 39.98% as a result mostly of an increase in security requirements due to COVID.



# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

- The modified budget for support service – student and general administration undistributed increased from the original budget by \$153,200 or .99% due to a higher level of salaries and legal expenses.
- The modified budget for undistributed expenditures – support service school administration decreased from the original budget by approximately \$49,200 or 1.08% as a result of a lower administrative staff.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the actual by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

#### Revenues

- Actual miscellaneous revenue less than the modified budgeted amount by approximately \$298,219 or 37.11% as a result of prior year expenditures refunded and higher interest in investment.

#### Expenditures

- The actual amount expended regular programs – instruction were less than the final budget by approximately \$607,910 or 1.73% as a result mostly of a lower level of salaries and other expenses.
- The actual amounts expended for undistributed expenditures benefits in total net of on-behalf payments were less than the final budget by approximately \$392,804 or 1.55%% as a result of expenditures for benefits, general administrative, operating and maintenance and transportation being less than expected.
- The actual amount of expended for undistributed expenditures – total operating and maintenance of plant was less than the final budget \$4,020,083 or 14.59% due to lower than anticipated costs.
- The actual amount expended for student transportation service was less than the final budget by \$935,665 or 13.04%.

#### Business-Type Activities

##### Food Service

Revenues for the District's food service program were comprised of charges for services and federal and state reimbursements.

Food service expenses exceeded revenues by \$33,366.

Charges for services were \$1,472,084 or 78.24% of revenue. This represents amounts paid by Patrons for daily food service, as well as special functions.

Federal and state reimbursement for meals, including payments for free and reduced priced lunches was \$280,313 and donated commodities were \$129,007.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### UNAUDITED – (CONTINUED)

#### Childcare Initiative (ECE)

Revenues for ECE were comprised of charges for services paid by families in Monroe Township.

ECE expenses exceeded revenue by \$69,811.

#### Falcon Care

The District Administration designed and implemented Falcon Care, a before and after school-care program for grades K through 5.

Revenues for Falcon Care were comprised of charges for services paid by Monroe families for before and after school care.

Falcon Care revenues exceeded expenses by \$79,402.

#### **Capital Assets**

At the end of the fiscal year 2020, the School District had \$236,471,704 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2020 balances compared to 2019.

**Table 4 - Capital Assets (Net of Depreciation) at June 30**

	Governmental Activities		Business-Type Activities		Total School District	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Land	\$ 368,806	\$ 368,806			\$ 368,806	\$ 368,806
Construction in Progress					-	-
Site and Site Improvements	7,893,561	8,425,525			7,893,561	8,425,525
Building and Building Improvements	144,835,767	147,606,064			144,835,767	147,606,064
Machinery and Equipment	<u>8,005,209</u>	<u>7,068,656</u>	<u>\$ 700,641</u>	<u>\$ 678,163</u>	<u>8,705,850</u>	<u>7,746,819</u>
Total Capital Assets- Net of Depreciations	<u>\$ 161,103,343</u>	<u>\$ 163,469,051</u>	<u>\$ 700,641</u>	<u>\$ 678,163</u>	<u>\$ 161,803,984</u>	<u>\$ 164,147,214</u>

Refer to Notes to Financial Statements (Note 5) for more detailed information.

Overall capital assets (net) decreased by \$2,343,230 from fiscal year 2019 to fiscal year 2020. The decrease in capital assets is due to a slight decrease in depreciation which offset by a lower level of added improvements.

# MONROE TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED – (CONTINUED)

### Debt Administration

The School District had outstanding debt at June 30<sup>th</sup> as follows:

	<u>2020</u>	<u>2019</u>
Compensated Absences	\$ 4,104,025	\$ 3,247,558
Capital Leases	5,504,073	4,211,105
Serial Bonds	<u>118,365,000</u>	<u>115,305,000</u>
Totals	<u>\$ 127,973,098</u>	<u>\$ 122,763,662</u>

Refer to Notes to Financial Statements (Note 7) for more detailed information.

### For the Future

The Monroe Township School District is presently in good financial condition. The District is very proud and grateful of the community's support for its operations. A major District concern is the continued enrollment growth, which has prompted the deliberative process for a bond referendum. Another significant concern is the insufficient and inequitable State Aid funding which has put a burden on local taxpayers. The District continues to explore every opportunity to operate efficiently without compromising the vast student centered programs and services which are paying great dividends.

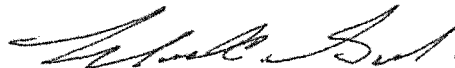
### Contacting The School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, kindly contact Mr. Michael C. Gorski, CPA, School Business Administrator/Board Secretary, at the Monroe Township School District, 423 Buckelew Avenue, Monroe Township, NJ 08831.

Respectfully submitted,



Dr. Dori L. Alvich  
Superintendent of Schools



Michael C. Gorski, CPA  
Board Secretary/School Business Administrator

January 21, 2021

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 9,325,330.63	\$ 813,680.88	\$ 10,139,011.51
Receivables - Net	753,922.62	42,710.85	796,633.47
Interfund Receivable	18,009.38		18,009.38
Other-Receivables	92,414.12		92,414.12
Inventories		75,954.74	75,954.74
Other Current Assets	380,847.23		380,847.23
Restricted Assets:			
Cash and Cash Equivalents	749,302.00		749,302.00
Capital Assets, Net	<u>161,103,343.17</u>	<u>700,641.37</u>	<u>161,803,984.54</u>
<b>Total Assets</b>	<b><u>\$ 172,423,169.15</u></b>	<b><u>\$ 1,632,987.84</u></b>	<b><u>\$ 174,056,156.99</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Loss on Defeasance of Debt	\$ 11,049,654.94		\$ 11,049,654.94
Pension	<u>7,625,729.00</u>		<u>7,625,729.00</u>
	<b><u>\$ 18,675,383.94</u></b>		<b><u>\$ 18,675,383.94</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	2,276,792.23	\$ 43,586.30	2,320,378.53
Accrued Interest on Noncurrent Debt	1,206,867.23		1,206,867.23
Unearned Revenue	25,000.00	6,125.00	31,125.00
Net Pension Liability	32,044,508.00		32,044,508.00
Noncurrent Liabilities:			
Due Within One Year	10,250,640.26		10,250,640.26
Due Beyond One Year	<u>121,983,500.21</u>		<u>121,983,500.21</u>
<b>Total Liabilities</b>	<b><u>\$ 167,787,307.93</u></b>	<b><u>\$ 49,711.30</u></b>	<b><u>\$ 167,837,019.23</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension	<u>\$ 11,769,940.00</u>		<u>\$ 11,769,940.00</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	\$ 44,179,899.87	\$ 700,641.37	\$ 44,880,541.24
Restricted for:			
Capital	749,302.00		749,302.00
Unrestricted/(Deficit)	<u>(33,387,896.71)</u>	<u>882,635.17</u>	<u>(32,505,261.54)</u>
<b>Total Net Position</b>	<b><u>\$ 11,541,305.16</u></b>	<b><u>\$ 1,583,276.54</u></b>	<b><u>\$ 13,124,581.70</u></b>

See accompanying notes to financial statements.

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 57,058,645.21			\$ (57,058,645.21)		\$ (57,058,645.21)
Special Education	25,561,572.80		\$ 1,302,671.50	(24,258,901.30)		(24,258,901.30)
Other Special Education	3,168,266.03			(3,168,266.03)		(3,168,266.03)
Other Instruction	1,521,283.07			(1,521,283.07)		(1,521,283.07)
Support Services:						
Tuition	2,160,256.97			(2,160,256.97)		(2,160,256.97)
Student and Instruction Related Services	19,007,547.23			(19,007,547.23)		(19,007,547.23)
Other Administrative Services	6,359,105.85		190,710.30	(6,168,395.55)		(6,168,395.55)
School Administrative Services	7,021,075.46			(7,021,075.46)		(7,021,075.46)
Plant Operations and Maintenance	15,939,228.13			(15,939,228.13)		(15,939,228.13)
Pupil Transportation	9,811,706.28	\$ 202,429.19		(9,609,277.09)		(9,609,277.09)
Charter Schools	196,051.00			(196,051.00)		(196,051.00)
Interest on Noncurrent Debt	5,026,947.06		425,697.00	(4,601,250.06)		(4,601,250.06)
<b>Total Governmental Activities</b>	<b>\$ 152,831,685.09</b>	<b>\$ 202,429.19</b>	<b>\$ 1,919,078.80</b>	<b>\$ (150,710,177.10)</b>		<b>\$ (150,710,177.10)</b>
<b>Business-Type Activities:</b>						
Food Service	\$ 1,914,764.50	\$ 1,472,083.83	\$ 409,314.77		\$ (33,365.90)	\$ (33,365.90)
Child Care Initiative	345,199.39	275,388.00			(69,811.39)	(69,811.39)
Falcon Care	480,708.97	536,166.26	23,944.96		79,402.25	79,402.25
<b>Total Business -Type Activities</b>	<b>\$ 2,740,672.86</b>	<b>\$ 2,283,638.09</b>	<b>\$ 433,259.73</b>	<b>\$</b>	<b>\$ (23,775.04)</b>	<b>\$ (23,775.04)</b>
<b>Total Primary Government</b>	<b>\$ 155,572,357.95</b>	<b>\$ 2,486,067.28</b>	<b>\$ 2,352,338.53</b>	<b>\$ (150,710,177.10)</b>	<b>\$ (23,775.04)</b>	<b>\$ (150,733,952.14)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	\$ 104,513,898.00	\$ 104,513,898.00
Debt Service	11,182,375.00	11,182,375.00
Tuition Received	4,210,042.15	4,210,042.15
Federal and State Aid Not Restricted	31,581,215.91	31,581,215.91
Miscellaneous Income	505,380.79	505,380.79

**Total General Revenues** 151,992,911.85 151,992,911.85

**Excess/(Deficit)** 1,282,734.75 \$ (23,775.04) 1,258,959.71

**Special and Extraordinary Items, Net** 600,000.00 (600,000.00) -

**Change in Net Position** \$ 1,882,734.75 \$ (623,775.04) \$ 1,258,959.71

**Net Position - Beginning** 9,658,570.41 2,207,051.58 11,865,621.99

**Net Position - Ending** \$ 11,541,305.16 \$ 1,583,276.54 \$ 13,124,581.70

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**



**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 9,324,751.92	\$ 577.23	\$ 1.48	\$ 9,325,330.63
Intergovernmental Accounts Receivable	652,499.85	101,422.77		753,922.62
Other Receivables	92,414.22			92,414.22
Interfunds Receivable - Special Revenue	102,000.00			102,000.00
Interfunds Receivable - Trust and Agency	18,009.28			18,009.28
Other Current Assets	380,847.23			380,847.23
Restricted Cash and Cash Equivalents	<u>749,302.00</u>			<u>749,302.00</u>
Total Assets	<u>\$ 11,319,824.50</u>	<u>\$ 102,000.00</u>	<u>\$ 1.48</u>	<u>\$ 11,421,825.98</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Accounts Payable	\$ 273,715.23			\$ 273,715.23
Interfunds Payable - General		\$ 102,000.00		102,000.00
Unearned Revenue	<u>25,000.00</u>			<u>25,000.00</u>
Total Liabilities	<u>298,715.23</u>	<u>\$ 102,000.00</u>		<u>400,715.23</u>
Fund Balances				
Restricted:				
Capital Reserve Account	749,302.00			749,302.00
Debt Service Fund			\$ 1.48	1.48
Excess Surplus	5,100,774.01			5,100,774.01
Excess Surplus - Designated for Subsequent Year's Expenditures	3,289,115.12			3,289,115.12
Assigned for Other Purposes	120,667.44			120,667.44
Unassigned	<u>1,761,250.70</u>			<u>1,761,250.70</u>
Total Fund Balance	<u>\$ 11,021,109.27</u>		<u>\$ 1.48</u>	<u>\$ 11,021,110.75</u>
Total Liabilities and Fund Balance	<u>\$ 11,319,824.50</u>	<u>\$ 102,000.00</u>	<u>\$ 1.48</u>	<u>\$ 11,421,825.98</u>

See accompanying notes to financial statements

BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances above	\$ 11,021,110.75
Amounts reported for <i>governmental activities</i> 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 governmental funds. The cost of capital assets is \$234,395,035.28 and the accumulated depreciation is \$73,291,692.11. (see Note 5)	161,103,343.17
Deferred loss on defeasance of debt, unamortized (See Note 7D)	11,049,654.94
Noncurrent liabilities, including bonds, loans, leases payable and compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7) Amount Outstanding	(132,234,140.47)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:	
Accrued Interest Payable (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance.)	(1,206,867.23)
Accrued Pension Liability (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ended June 30th, 2018, however will be raised in the budget for the fiscal year ending June 30th, 2020)	(2,003,077.00)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (see Note 9)	<u>(36,188,719.00)</u>
Net position of governmental activities (A-1)	<u>\$ 11,541,305.16</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Government</u> <u>Funds</u>
<b>REVENUES</b>				
Local sources:				
Local tax levy	\$ 104,513,898.00		\$ 11,182,375.00	\$ 115,696,273.00
Tuition	4,210,042.15			4,210,042.15
Transportation Fees	202,429.19			202,429.19
Interest earned	2,500.00			2,500.00
Miscellaneous	505,380.79			505,380.79
	<hr/>		<hr/>	<hr/>
Total - Local Sources	109,434,250.13		11,182,375.00	120,616,625.13
State Sources	22,874,725.21		425,697.00	23,300,422.21
Federal Sources	58,287.70	\$ 1,493,381.77		1,551,669.47
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 132,367,263.04	\$ 1,493,381.77	\$ 11,608,072.00	\$ 145,468,716.81
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	\$ 34,518,275.21			\$ 34,518,275.21
Special Education Instruction	13,224,720.37	\$ 1,302,671.50		14,527,391.87
Other Special Instruction	1,897,309.43			1,897,309.43
Other Instruction	911,017.16			911,017.16
Support Services and Undistributed Costs:				
Tuition	2,160,256.97			2,160,256.97
Student and Instruction Related Services	11,382,629.56			11,382,629.56
Other Administrative Services	3,693,930.66	190,710.30		3,884,640.96
School Administrative Services	4,204,556.23			4,204,556.23
Plant Operations and Maintenance	9,545,173.14			9,545,173.14
Pupil Transportation	6,253,614.32			6,253,614.32
Debt Service:				
Principal			\$ 6,590,000.00	6,590,000.00
Interest			5,018,075.00	5,018,075.00
Employee Benefits	43,728,987.93			43,728,987.93
Capital Outlay	3,772,586.43			3,772,586.43
Transfer to Charter Schools	196,051.00			196,051.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 135,489,108.41	\$ 1,493,381.80	\$ 11,608,075.00	\$ 148,590,565.21
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (3,121,845.37)	<hr/>	\$ (3.00)	\$ (3,121,848.40)
Other Financing Sources/(Uses):				
Transfer In/(Out)	600,000.00			600,000.00
Capital Leases (non-budgeted)	2,506,500.00			2,506,500.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ 3,106,500.00	<hr/>	<hr/>	\$ 3,106,500.00
Net Change in Fund Balance	(15,345.37)		(3.00)	(15,348.40)
Fund Balance - July 1	11,036,454.64		4.48	11,036,459.12
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - June 30	\$ 11,021,109.27	<hr/>	\$ 1.48	\$ 11,021,110.75

See accompanying notes to financial statements

BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	(15,348.40)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlay	\$	3,765,585.43
Depreciation expense		<u>(6,131,293.62)</u>
		(2,365,708.19)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position and is not reported in the statement of activities.		
		6,590,000.00
Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces noncurrent debt in the statement of net position and is not reported in the statement of activities.		
Lease payments		1,213,531.22
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increase noncurrent liabilities in the statement of net position.		
Capital leases, current year		(2,506,500.00)
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.		
Amortization of premium		606,140.02
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.		
Amortization of deferred loss		(978,770.94)
In the statement of activities, interest on noncurrent debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is an addition in the reconciliation.		
		641,026.40
Net pension obligation related to PERS which is attributable to June 30, 2018 ( <i>the measurement date</i> ) not reported in governmental funds; however, it is reported in the statement of activities		
		(662,479.00)
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 reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(639,156.36)</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>1,882,734.75</u></u>

See accompanying notes to financial statements

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION  
MONROE TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Business-Type Activities Enterprise Fund			Total Enterprise
	<u>Food Service</u>	<u>Early Childhood Enrichment</u>	<u>Falcon Care</u>	
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Cash Equivalents		\$ 282,928.58	\$ 637,968.03	\$ 920,896.61
Accounts Receivable:				
State Sources	\$ 6,091.65			6,091.65
Federal Sources	4,489.20			4,489.20
Other	32,130.00			32,130.00
Inventories	75,954.74			75,954.74
Total Current Assets	<u>\$ 118,665.59</u>	<u>\$ 282,928.58</u>	<u>\$ 637,968.03</u>	<u>\$ 1,039,562.20</u>
Noncurrent Assets:				
Furniture, Machinery and Equipment	\$ 1,995,954.95	\$ 80,716.38		\$ 2,076,671.33
Less: Accumulated Depreciation	<u>1,315,492.91</u>	<u>60,537.05</u>		<u>1,376,029.96</u>
Total Noncurrent Assets	<u>\$ 680,462.04</u>	<u>\$ 20,179.33</u>		<u>\$ 700,641.37</u>
Total Assets	<u>\$ 799,127.63</u>	<u>\$ 303,107.91</u>	<u>\$ 637,968.03</u>	<u>\$ 1,740,203.57</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Cash & Cash Equivalent Overdraft	\$ 107,215.73			\$ 107,215.73
Unearned Revenue			\$ 6,125.00	6,125.00
Accounts Payable	<u>219.30</u>	<u>\$ 36,661.00</u>	<u>6,706.00</u>	<u>43,586.30</u>
Total Current Liabilities	<u>107,435.03</u>	<u>\$ 36,661.00</u>	<u>\$ 12,831.00</u>	<u>\$ 156,927.03</u>
<b><u>NET POSITION</u></b>				
Invested in Capital Assets	\$ 680,462.04	\$ 20,179.33		\$ 700,641.37
Unrestricted (Deficit)	<u>11,230.56</u>	<u>246,267.58</u>	<u>\$ 625,137.03</u>	<u>882,635.17</u>
Total Net Position	<u>\$ 691,692.60</u>	<u>266,446.91</u>	<u>\$ 625,137.03</u>	<u>\$ 1,583,276.54</u>

See accompanying notes to financial statements

BOARD OF EDUCATION  
MONROE TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
PROPRIETARY FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities Enterprise Fund			Total Enterprise
	<u>Food Service</u>	<u>Early Childhood Enrichment</u>	<u>Falcon Care</u>	
<u>OPERATING REVENUES</u>				
Local Sources:				
Service Fees		\$ 275,388.00	536,166.26	\$ 811,554.26
Daily sales - reimbursable programs:				
School lunch and milk program	\$ 1,422,764.55			1,422,764.55
Special functions	49,319.28			49,319.28
Total operating revenues	\$ 1,472,083.83	\$ 275,388.00	536,166.26	\$ 2,283,638.09
<u>OPERATING EXPENSES</u>				
Cost of Sales - reimbursable programs	\$ 408,259.00			\$ 408,259.00
Cost of Sales - non-reimbursable programs	296,972.95			296,972.95
Salaries	754,146.38	\$ 209,556.44	\$ 408,264.44	1,371,967.26
Employee benefits	167,125.78	99,006.66	40,339.12	306,471.56
General Supplies	134,585.81	28,565.20	31,991.82	195,142.83
Management fee	17,414.00			17,414.00
Administrative Fee	21,856.00			21,856.00
Purchased Property Services	34,869.09			34,869.09
Depreciation	65,514.20	8,071.09		73,585.29
Miscellaneous	14,021.29		113.59	14,134.88
Total operating expenses	\$ 1,914,764.50	\$ 345,199.39	\$ 480,708.97	\$ 2,740,672.86
Operating income/(loss)	\$ (442,680.67)	\$ (69,811.39)	\$ 55,457.29	\$ (457,034.77)
<u>NONOPERATING REVENUES</u>				
Interest Earnings			\$ 23,944.96	\$ 23,944.96
State sources:				
State school lunch program	\$ 23,247.25			23,247.25
Federal sources:				
National school lunch program	256,173.61			256,173.61
Special milk program	891.75			891.75
Food Distribution Program	129,002.16			129,002.16
Total nonoperating revenues	\$ 409,314.77		\$ 23,944.96	\$ 433,259.73
Income/(loss) before contributions and transfers	\$ (33,365.90)	\$ (69,811.39)	\$ 79,402.25	\$ (23,775.04)
Operating transfers:				
Interfund - operating transfer in/(out)			(600,000.00)	(600,000.00)
Change in net position	\$ (33,365.90)	\$ (69,811.39)	\$ (520,597.75)	\$ (623,775.04)
Total net position - beginning	725,058.50	\$ 336,258.30	\$ 1,145,734.78	2,207,051.58
Total net position - ending	\$ 691,692.60	\$ 266,446.91	\$ 625,137.03	\$ 1,583,276.54

See accompanying notes to financial statements



**BOARD OF EDUCATION  
MONROE TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities			Total Enterprise
	Enterprise Fund			
	Food Service	Early Childhood Enrichment	Falcon Care	
<u>Cash Flows from Operating Activities</u>				
Receipts from Customers	\$ 1,472,083.83	\$ 234,126.00	\$ 529,959.26	\$ 2,236,169.09
Payments to Employees	(754,146.38)	(209,556.44)	(408,264.44)	(1,371,967.26)
Payments for Employee Benefits	(167,125.78)	(99,006.66)	(40,339.12)	(306,471.56)
Payments to Suppliers	(958,611.52)	8,095.80	(25,399.41)	(975,915.13)
Payments for Management Fee & Administrative Fee	(39,270.00)			(39,270.00)
Net Cash Provided by/(Used for) Operating Activities	\$ (447,069.85)	\$ (66,341.30)	\$ 55,956.29	\$ (457,454.86)
<u>Cash Flows from Noncapital Financing Activities</u>				
State Sources	\$ 19,064.23			\$ 19,064.23
Federal Sources	407,154.82			407,154.82
Operating Transfers to Other Funds - Interfunds			\$ (600,000.00)	(600,000.00)
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ 426,219.05		(600,000.00)	\$ (173,780.95)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Purchase of Capital Assets	\$ (96,064.64)			(96,064.64)
<u>Cash Flows from Investing Activities:</u>				
Interest Income			\$ 23,944.96	\$ 23,944.96
Net Cash Provided by/(Used for) Investing Activities			\$ 23,944.96	\$ 23,944.96
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (116,915.44)	\$ (66,341.30)	\$ (520,098.75)	\$ (703,355.49)
Balances - Beginning of Year	9,699.71	349,269.88	1,158,066.78	1,517,036.37
Balances - End of Year	\$ (107,215.73)	\$ 282,928.58	\$ 637,968.03	\$ 813,680.88
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities				
Operating Gain/(Loss)	\$ (442,680.67)	\$ (69,811.39)	55,457.29	\$ (457,034.77)
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:				
Depreciation	65,514.20	8,071.09		73,585.29
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(18,108.11)			(18,108.11)
(Increase)/Decrease in Inventories	(49,980.15)			(49,980.15)
Increase/(Decrease) in Unearned Revenue		(41,262.00)	(6,207.00)	(47,469.00)
Increase/(Decrease) in Accounts Payable	(1,815.12)	36,661.00	6,706.00	41,551.88
Total Adjustments	(4,389.18)	3,470.09	499.00	(420.09)
Net Cash Provided/(Used) by Operating Activities	\$ (447,069.85)	\$ (66,341.30)	\$ 55,956.29	\$ (457,454.86)

See accompanying notes to financial statements

**FIDUCIARY FUNDS**

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020**

	Trust					
	Family Leave Insurance	Unemployment Compensation	Private Purpose	IPAD Insurance Fund	Total	Payroll Agency Fund
<b><u>ASSETS</u></b>						
Cash and Cash Equivalents	\$ 13,387.67	\$ 365,049.71	\$ 18,208.17	\$ 755,970.28	\$ 1,152,615.83	\$ 56,758.39
Interfund Receivable - Payroll Agency		38,749.11			38,749.11	
<b>Total Assets</b>	<b>\$ 13,387.67</b>	<b>\$ 403,798.82</b>	<b>\$ 18,208.17</b>	<b>\$ 755,970.28</b>	<b>\$ 1,191,364.94</b>	<b>\$ 56,758.39</b>
<b><u>LIABILITIES</u></b>						
Accounts Payable			\$ 1,749.26		\$ 1,749.26	
Interfund Payable: Unemployment Fund General						\$ 38,749.11 18,009.28
<b>Total Liabilities</b>			<b>\$ 1,749.26</b>		<b>\$ 1,749.26</b>	<b>\$ 56,758.39</b>
<b><u>NET POSITION</u></b>						
Reserved	\$ 13,387.67	\$ 403,798.82	\$ 16,458.91	\$ 755,970.28	\$ 1,189,615.68	
<b>Total Net Position</b>	<b>\$ 13,387.67</b>	<b>\$ 403,798.82</b>	<b>\$ 16,458.91</b>	<b>\$ 755,970.28</b>	<b>\$ 1,189,615.68</b>	

See accompanying notes to financial statements

BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Trust				Total
	Family Leave Insurance	Unemployment Compensation	Private Purpose	IPAD Insurance Fund	
<u>ADDITIONS</u>					
Contributions:					
Plan Members		\$ 79,452.18		\$ 222,154.35	\$ 301,606.53
Other		38,749.11	\$ 31,591.56		70,340.67
Total Contributions		118,201.29	31,591.56	222,154.35	371,947.20
Total Additions		\$ 118,201.29	\$ 31,591.56	\$ 222,154.35	\$ 371,947.20
<u>DEDUCTIONS</u>					
Quarterly Contribution Reports		\$ 54,224.22			\$ 54,224.22
Other			\$ 19,274.92	\$ 1,614.46	20,889.38
Total Deductions		\$ 54,224.22	19,274.92	\$ 1,614.46	\$ 75,113.60
Change in Net Position		\$ 63,977.07	\$ 12,316.64	\$ 220,539.89	\$ 296,833.60
Net Position - Beginning of the Year	\$ 13,387.24	\$ 339,821.75	\$ 4,142.47	\$ 535,430.39	\$ 892,781.85
Net Position - End of the Year	\$ 13,387.24	\$ 403,798.82	\$ 16,459.11	\$ 755,970.28	\$ 1,189,615.45

See accompanying notes to financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Monroe Township School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of ten (10) members, nine (9) from the Township of Monroe are elected to three (3) year staggered terms and one (1) is appointed to an annual term from the Borough of Jamesburg (sending district). The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2020 of 6,924 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, childcare initiative and student related activities of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation (Continued)**

**1. Government-Wide Financial Statements (Continued)**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**1. Governmental Funds (Continued)**

**General Fund (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Permanent Fund** - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

**2. Proprietary Fund Type**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**2. Proprietary Fund Type (Continued)**

**Enterprise Fund** – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund consists of the following:

**Food Service** – This fund provides for the cafeteria operation in all schools within the school district.

**Childcare Initiative** – This fund provides for the Early Childhood Enrichment (ECE) program for students who are registered in the Monroe School District Kindergarten half-day classes; the childcare is for the first or second half of a child's day.

**Falcon Care** – This fund provides a before and after school-care program for grades K through 5.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statement of net position. Their reported fund equity (net total position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**3. Fiduciary Funds**

**Trust and Agency Funds** – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Private Purpose Scholarship Funds**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund, Family Leave Insurance Fund, Scholarship Funds and iPad Insurance Fund.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

**Agency Funds** – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and change in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus**

**2. Fund Financial Statements (Continued)**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net total position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. In accordance with P.L. 2011, c.202, which became effective January 17, 2012, the District elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. The budgets are approved by the District, submitted to the County office for review and approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.).

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

The following presents a reconciliation of the General Fund revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Change in Fund Balance - All Governmental Fund Types.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 132,446,949.04	\$ 1,493,381.77
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
June 30, 2019	None	None
June 30, 2020	None	None
State aid payment recognized per GAAP standards in the current year previously recognized for budgetary purposes.	487,285.00	None
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(566,971.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 132,367,263.04</u>	<u>\$ 1,493,381.77</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 135,489,108.41	\$ 1,493,381.77
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 supplies are received for financial reporting purposes.		
June 30, 2019	None	None
June 30, 2020	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 135,489,108.41</u>	<u>\$ 1,493,381.77</u>

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. 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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

**G. Assets, Liabilities and Equity**

**1. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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 public 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

2. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded in the enterprise funds. All expenses in the other funds are recorded as expenditures during the year of purchase.

Inventories in the Proprietary Funds 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.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

5. Tuition Payable

Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. 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.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

7. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	6-8 years
Office and Computer Equipment	5-20 years
Instructional Equipment	5-15 years
Grounds Equipment	5-15 years
Food Service Equipment	7-20 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

9. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

9. Compensated Absences (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

10. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

11. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. (Refer to Note 7D)

12. Net Position

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

13. Unearned Revenue

Unearned revenue in all funds represents program revenues that have been received but not yet earned. In the case of Food Service Fund, it is unused food distribution and student deposits for purchasing food in a future period.

14. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

15. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

15. Fund Balances (Continued)

- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

16. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund includes the Food Service charges to customers for sales of food service and for the Childcare Initiative and Falcon Care service fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

17. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the capital projects fund. The liability, if any, is recorded as an accrued arbitrage rebate.

18. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

19. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

20. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, pension and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified and allocated by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses."

21. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB No. 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

The District has also implemented GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

22. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")

In 2018 the District implemented GASB No. 75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB No. 45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

23. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

24. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

**H. Other Accounting Standards**

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- GASB Statement No. 83. *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District does not expect this Statement to impact its financial statements.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- GASB Statement No. 84. *Fiduciary Activities*. This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 87. *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 88. *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District does not expect this Statement to impact its financial statements.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- *GASB Statement No. 89. Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 90. Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District does not expect this Statement to impact its financial statements.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later.

Effective Date: The requirements of this Statement are effective immediately. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

**I. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2020 through January 21, 2021, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and Cash Equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**A. Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit 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.

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 \$25,000,000.00.

As of June 30, 2020, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Reconciliation by Fund:	
Governmental	\$ 13,560,048.96
Proprietary	778,823.88
Fiduciary	1,152,615.83
	\$ 15,491,488.67

Of the total amount deposits of \$749,302.00 has been earmarked towards the Capital Reserve Account. Refer to Notes to Financial Statements Note 15.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2020, the District had \$7,389,636.18 on deposit with the New Jersey Cash Management Fund.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

Allocation of Cash and Cash Equivalents

Unrestricted	\$	13,588,570.84
Restricted		749,302.00
Fiduciary		<u>1,152,615.83</u>
	\$	<u><u>15,490,488.67</u></u>

Custodial Credit Risk – The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage (“GUDPA”) as of June 30, 2020 which minimizes credit risk.

**B. Investments**

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

Custodial Credit Risk – The District had no securities as of June 30, 2020 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS**

Intergovernmental accounts receivable at June 30, 2020 consisted of federal source, state source, transportation, tuition and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial Statements	Business Type Activities
<u>Intergovernmental</u>		
General Fund:		
State:		
Extraordinary Aid	\$ 467,331.00	
TPAF FICA Reimbursement (on-behalf)	183,168.85	
	\$ 650,499.85	
Special Revenue Fund:		
Federal:		
Title I Part A	\$ 21,223.77	
Title II Part A	6,877.00	
Title III	1,745.00	
Cares Act	71,577.00	
	\$ 101,422.77	
	\$ 751,922.62	
Other Receivable:		
General Fund:		
Insurance Claim	\$ 22,448.00	
Transportation - Borough of Jamesburg BOE	42,372.97	
Use of Building - Various	22,593.25	
	\$ 87,414.22	
Other Current Assets:		
Preliminary Project Costs	\$ 380,847.23	
Proprietary Fund:		
Enterprise Fund - Food Service		
State Source		
Lunch		\$ 6,091.95
Federal Source		
Lunch		\$ 4,398.90

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**5. CAPITAL ASSETS, NET**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 368,806.00			\$ 368,806.00
Total capital assets not being depreciated	\$ 368,806.00			\$ 368,806.00
Capital assets being depreciated:				
Site and Site Improvements	\$ 15,156,222.85	\$ 153,301.12		\$ 15,309,523.97
Building and Building Improvements	195,713,312.98	1,299,633.15		197,012,946.13
Machinery and Equipment	<u>19,391,108.12</u>	<u>2,312,651.16</u>		<u>21,703,759.28</u>
Total at historical cost	\$ 230,260,643.95	\$ 3,765,585.43		\$ 234,026,229.38
Less accumulated depreciation for:				
Site and Site Improvements	\$ (6,730,697.16)	\$ (685,266.17)		\$ (7,415,963.33)
Building and Building Improvements	(48,107,249.79)	(4,069,929.15)		(52,177,178.94)
Machinery and Equipment	<u>(12,322,451.64)</u>	<u>(1,376,098.30)</u>		<u>(13,698,549.94)</u>
Total accumulated depreciation	\$ (67,160,398.59)	\$ (6,131,293.62)		\$ (73,291,692.21)
Total capital assets being depreciated, net of accumulated depreciation	\$ 163,100,245.36	\$ (2,365,708.19)		\$ 160,734,537.17
Governmental activities capital assets, net	\$ <u>163,469,051.36</u>	\$ <u>(2,365,708.19)</u>		\$ <u>161,103,343.17</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 1,980,607.29	\$ 96,064.04		\$ 2,076,671.33
Totals at historical cost	\$ 1,980,607.29	\$ 96,064.04		\$ 2,076,671.33
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (1,302,444.67)	\$ (73,585.39)		\$ (1,376,030.06)
Total accumulated depreciation	\$ (1,302,444.67)	\$ (73,585.39)		\$ (1,376,030.06)
Business type activities capital assets, net	\$ <u>678,162.62</u>	\$ <u>22,478.65</u>		\$ <u>700,641.27</u>
<u>Governmental Activities:</u>				
Detail of Additions and (Retirement)/Transfers:				
General Fund		\$ 1,286,086.43		
Lease Purchases		<u>2,479,499.00</u>		
		<u>\$ 3,765,585.43</u>		

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**5. CAPITAL ASSETS, NET (CONTINUED)**

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,526,387.84
Special Education Instruction	932,716.07
Other Special Instruction	198,066.29
Other Instruction	
Support Services and Undistributed Cost:	
Student and Instruction Related Services	802,796.68
School Administrative Services	405,766.20
Other Administrative Services	151,300.07
Plant Operations and Maintenance	673,204.13
Pupil Transportation	<u>441,056.33</u>
Total	<u>\$ 6,131,293.61</u>

**6. INVENTORY**

The value of Federal donated commodities as reflected on Schedule A of \$129,002.16 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2020, the federal donated commodities food inventory of \$24,533.76 was included in the yearend food and supplies amount of \$75,954.74.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT**

During the fiscal year ended June 30, 2020 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year	Noncurrent Portion
<u>Governmental Activities:</u>						
Bonds Payable -						
General						
Obligation Debt	\$ 115,305,000.00	85,785,000.00	\$ 82,725,000.00	\$ 118,365,000.00	\$ 7,230,000.00	\$ 111,135,000.00
Add - Premium on Sale of Bonds	<u>9,798,426.23</u>	<u>-</u>	<u>5,694,401.30</u>	<u>4,104,024.93</u>	<u>904,885.89</u>	<u>3,199,139.04</u>
	125,103,426.23	85,785,000.00	88,419,401.30	122,469,024.93	8,134,885.89	114,334,139.04
Capital Leases	<u>4,211,104.53</u>	<u>2,506,500.00</u>	<u>1,213,531.22</u>	<u>5,504,073.31</u>	<u>1,476,598.04</u>	<u>4,027,475.27</u>
	129,314,530.76	88,291,500.00	89,632,932.52	127,973,098.24	9,611,483.93	118,361,614.31
Compensated Absences Payable	<u>3,621,885.87</u>	<u>639,156.36</u>	<u>-</u>	<u>4,261,042.23</u>	<u>639,156.33</u>	<u>3,621,885.90</u>
	<u>\$ 132,936,416.63</u>	<u>\$ 88,930,656.36</u>	<u>\$ 89,632,932.52</u>	<u>\$ 132,234,140.47</u>	<u>\$ 10,250,640.26</u>	<u>\$ 121,983,500.21</u>



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)**

**A. Bonds and loans payable currently outstanding are summarized as follows:**

**School District Refunding Bonds, Series 2012**

The purpose of the Bonds is to advance refund all of the outstanding callable principal amount of the originally issued \$67,699,000.00 School District Bonds Series 2004 of the Board dated February 15, 2004 and maturing on August 1 in the years 2015 through 2028, both inclusive, in the total principal amount of \$62,849,000.00 on August 1, 2014 at par plus any unpaid accrued interest to the redemption date and pay the cost of issuance with respect to the authorized and issued bonds in the amount of \$62,175,000.00. The net proceeds which included a premium of \$7,212,313.90 which was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2004 Series bonds, which were included in the refunding.

\$ 14,320,000.00

Redemption: The bonds maturing prior to August 1, 2023 are not subject to optional redemption prior to their stated maturities. As a result of the issuance of the School District of Refunding Bonds Series 2020 (federally taxable), the Bonds maturing after August 1, 2023 in the amount of \$34,365,000.00 were redeemed. In accordance with the redemption provision. The District entered into an escrow agreement utilizing the proceeds partially to refund the Series 2012 on the call date of August 1, 2022. The refunding was done in accordance with the requirements of the State of New Jersey Local Finance Board requirements.

Annual remaining maturities of Series 2012 Bonds range from \$4,675,000.00 to \$4,925,000.00 with final maturity on August 1, 2022 at an interest rate of 4.00%.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)**

**A. Bonds and loans payable currently outstanding are summarized as follows: (Continued)**

**School District Refunding Bonds, Series 2015**

The purpose of the Bonds is to advance refund all of the outstanding callable principal amount of the originally issued \$26,800,000.00 School District Bonds Series 2006 of the Board dated April 1, 2006 and maturing on April 1 in the years 2017 through 2036, both inclusive, in the total principal amount of \$25,750,000.00 on April 1, 2016 at par plus any unpaid accrued interest to the 2006 redemption date, advance refund all of the outstanding callable principal amount of the originally issued \$41,900,000.00 School District Bonds Series 2008 of the Board dated March 4, 2008 and maturing on March 1 in the years 2019 through 2038, both inclusive in the total principal amount of \$39,525,000.00 on March 1, 2018 at par plus any unpaid accrued interest to the 2008 redemption date; and pay the costs of issuance with respect to the Bonds. The net proceeds which included a premium of \$8,355,301.00 along with \$587,093.78 of District funds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 and 2008 Series bonds, which were included in the refunding.

\$ 18,260,000.00

Redemption: the Bonds maturing prior March 1, 2026 are not subject to optional redemption prior to their stated maturities. As a result of the issuance of the School District of Refunding Bonds Series 2020 (federally taxable) the Bonds maturing on or after March 1, 2026 in the amount of \$50,205,000.00 were redeemed. In accordance with the redemption provision. The District entered into an escrow agreement utilizing the proceeds partially to refund the Series 2012 on the call date of March 1, 2025. The refunding was done in accordance with the requirements of the State of New Jersey Local Finance Board requirements.

Annual remaining maturities of Series 2015 Bonds range from \$1,265,000.00 to \$5,050,000.00 with final maturity on March 1, 2035 at interest rates ranging from 3.00% to 5.00%.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)**

**A. Bonds and loans payable currently outstanding are summarized as follows: (Continued)**

**School District Refunding Bonds, Series 2020**

The proceeds of the Bonds will be used to (i) advance refund all of the \$34,365,000.00 outstanding callable principal amount of School District Refunding Bonds, Series 2012 of the Board issued in the original principal amount of \$62,175,000.00 dated April 25, 2012 and maturing on August 1 in the years 2023 through 2028, inclusive (the "2012 Refunded Bonds"), which may be redeemed at the option of the Board in whole or in part on any date on or after August 1, 2022 (the "2012 Redemption Date") at a redemption price equal to the par amount of the 2012 Refunded Bonds to be redeemed (the "2012 Redemption Price"), plus accrued interest, if any, to the 2012 Redemption Date; (ii) advance refund all of the \$41,770,000.00 outstanding callable principal amount of School District Refunding Bonds, Series 2015 of the Board issued in the original principal amount of \$62,600,000.00 dated March 26, 2015 and maturing on March 1 in the years 2026 through 2028, inclusive, 2030 through 2034, inclusive, and 2038 (the "2015 Refunded Bonds" and, together with the 2012 Refunded Bonds, the "Refunded Bonds"), which may be redeemed at the option of the Board in whole or in part on any date on or after March 1, 2025 (the "2015 Redemption Date" and, together with the 2012 Redemption Date, the "Redemption Dates") at a redemption price equal to the par amount of the 2015 Refunded Bonds to be redeemed (the "2015 Redemption Price" and, together with the 2012 Redemption Price, the "Redemption Prices"), plus accrued interest, if any, to the 2015 Redemption Date; and (iii) pay certain costs and expensdes incidental to the issuance and delivery of the Bonds. Annual maturities commencing August 1, 2020 through August 1, 2037 ranging from \$1,290,000.00 to \$9,945,000.00 at interest rates of 1.631% to 2.949%.

\$ 85,785,000.00

Redemption: The Bonds maturing prior to August 1, 2030 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2030 are subject to redemption prior to maturity, at the option of the Board, in whole or in part, on any date on or after August 1, 2029 at a price of 100% of the principal amount of the Bonds to be redeemed (the "Redemption Price"), plus unpaid accrued interest to the date fixed for redemption.

TOTAL

\$ 118,365,000.00

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)**

**B. Debt Service Requirements**

Debt service requirements on serial bonds payable at June 30, 2020 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 7,230,000.00	\$ 2,998,502.98	\$ 10,228,502.98
2022	7,385,000.00	2,904,967.51	10,289,967.51
2023	8,015,000.00	2,615,866.61	10,630,866.61
2024	8,645,000.00	2,354,962.79	10,999,962.79
2025	9,070,000.00	2,121,170.97	11,191,170.97
	<u>40,345,000.00</u>	<u>12,995,470.86</u>	<u>53,340,470.86</u>
2026	9,385,000.00	1,971,013.67	11,356,013.67
2027	9,610,000.00	1,645,436.06	11,255,436.06
2028	9,945,000.00	1,437,971.53	11,382,971.53
2029	6,420,000.00	1,257,825.66	7,677,825.66
2030	7,460,000.00	1,137,771.88	8,597,771.88
	<u>42,820,000.00</u>	<u>7,450,018.80</u>	<u>50,270,018.80</u>
2031	4,390,000.00	935,702.95	5,325,702.95
2032	4,765,000.00	822,791.48	5,587,791.48
2033	4,885,000.00	698,324.73	5,583,324.73
2034	5,000,000.00	565,886.40	5,565,886.40
2035	497,661.40	497,661.40	497,661.40
	<u>19,040,000.00</u>	<u>3,520,366.96</u>	<u>22,560,366.96</u>
2036	10,335,000.00	334,001.58	10,669,001.58
2037	2,875,000.00	128,668.63	3,003,668.63
2038	2,950,000.00	43,497.75	2,993,497.75
	<u>16,160,000.00</u>	<u>506,167.96</u>	<u>16,666,167.96</u>
	<u>\$ 118,365,000.00</u>	<u>\$ 24,472,024.58</u>	<u>\$ 142,837,024.58</u>

**C. Bonds and Notes Authorized But Not Issued**

There were no Bonds and Notes Authorized but not Issued as of June 30, 2020.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)**

**D. Potential Debt Authorization**

The District is experiencing an increase in students due to the growth of the Township. It is possible that in the future a referendum seeking voter approval for a debt authorization to provide financing for additional buildings and/or additional classrooms may be needed.

**E. Defeasance**

Loss on Defeasance – As a result of the accounting requirement in accordance with GASB #23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in an accounting losses which will be amortized as a part of interest expense over the remaining life of the respective bond issued using the “straight line method”. The detail of the loss on defeasance for the District is as follows:

Refunding Bonds Series	<u>Unamortized Loss on Defeasance</u>				
	Original Amount	Beginning Balance	Refunded Portion	Decreased by Amortization	Ending Balance
2011	\$ 465,126.00	\$ 38,759.92		\$ 38,759.92	\$ -
2012	6,219,954.54	2,665,694.80	\$ 938,916.95	296,188.31	1,430,589.54
2015	5,680,301.15	4,445,453.33	2,627,838.94	164,646.65	1,652,967.74
2020	8,116,401.36			150,303.70	7,966,097.66
		<u>\$ 7,149,908.05</u>	<u>\$ 3,566,755.89</u>	<u>\$ 649,898.58</u>	<u>\$ 11,049,654.94</u>

**F. Other**

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) “Continuing Disclosure” requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. The requirement effective for the fiscal year ended June 30, 2019 has been complied with.

Bonds are authorized in accordance with State law by the voters of the Municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

G. **Capital Lease Obligations Payable**

Lease/Purchase Agreements – Equipment and Vehicles

The District is leasing school buses, equipment and copiers totaling \$7,174,167.28 under capital leases. All capital leases are for terms of four to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020:

Year Ending June 30,	Equipment
2021	\$ 1,587,659.56
2022	1,346,206.01
2023	1,263,549.41
2024	1,017,032.53
2025	526,555.00
Total Minimum Lease Payment	\$ 5,741,002.51
Less: Amount representing interest	236,929.20
Minimum Lease Payment	\$ 5,504,073.31

Refer to Supplementary Schedule Exhibit I-2 for further detail.

H. **Compensated Absence**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of ¼ of the unused accumulated sick leave multiplied by 1/200 of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/240 of the last annual contracted salary. Twelve month employees in the Teamsters Union, who have completed five or more years shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/250 of the last annual contracted salary.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)**

**H. Compensated Absence (Continued)**

For teachers employed after September 1, 1981, the sick leave payment shall be limited to no more than \$3,000.00. For employees in the Teamsters Union, who were employed after September 1, 1981, the sick leave payment shall be limited to no more than \$2,400.00.

For administrators who were employed after September 1, 1993, the sick leave payment shall be limited to no more than \$14,000. For all other support staff, under the negotiation power of the MTBOE Support Staff Association, there is no provision for such limitation. There is also no limit for personnel employed prior to September 1, 1981 or September 1, 1993 for administrators.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

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 proprietary fund types.

**8. OPERATING LEASES**

The District is leasing computers, computer equipment and other instructional equipment. The unit prices of all individual items lease purchased are less than the capitalization threshold for fixed assets or do not qualify as capital assets and as a result, are classified as operating leases. The following is a schedule of the future minimum lease payments under the operating leases and the present value of the net minimum lease payments at June 30, 2020:

<u>Year</u>	<u>Instructional Equipment</u>
2021	\$ 35,830.13
2022	<u>17,915.06</u>
	<u>\$ 53,745.19</u>

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS**

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

**Teachers' Pension and Annuity Fund (TPAF)**

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 contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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.



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS)**

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 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.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Funding Policy:** The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities total proportionate share of the net pension liability that is associated with the local participating employer.

During the year ended June 30, 2019 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

**Three-Year Trend Information for PERS**

Year Ending June 30,	Net Cost to District	Percentage of APC Contributed	Employee Contribution
2019	\$ 1,733,326	100%	\$ 990,649
2018	1,544,244	100%	897,711
2017	1,472,738	100%	869,796

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

Year Ending June 30	Cost (APC)	APC Contributed	Total On-Behalf of	Employee Contribution	TPAF FICA
2019	\$ None	100%	\$ 6,362,380	\$ 3,643,309	\$ 3,580,835
2018	None	100%	6,063,584	3,255,253	3,353,944
2017	None	100%	4,421,362	3,097,816	3,135,600

**MONROE TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Funding Policy (Continued)**

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$9,336,542 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,763,040 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2019 and June 30, 2018 Independent Auditor's Report dated June 5, 2020 and May 15, 2019, respectively.

The District reported a liability of \$32,044,508 and \$34,310,965 for its proportionate share of the net pension liability as of June 30, 2020 and June 30, 2019. The net pension liability was measured as of June 30, 2019 and June 30, 2018 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 school districts, actuarially determined.

	June 30, [Measurement Date]	
	2019	2018
District Proportionate Share	0.17784224316 %	0.1742602012 %
Difference - Increase	0.0035820420	

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 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.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

For the year ended June 30, 2020, the District recognized pension expense of \$662,479. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumptions	\$ 3,199,762	\$ 11,122,547
Differences between expected and actual experience	575,157	141,558
Changes in proportion	1,847,733	
Changes in proportion and differences between District contributions and proportionate share of contributions		505,835
District contributions subsequent to the measurement date	<u>2,003,077</u>	<u>                    </u>
Total	<u>\$ 7,625,729</u>	<u>\$ 11,769,940</u>

The \$7,625,729 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2020	\$ (925,298)
2021	(3,000,650)
2022	(4,204,605)
2023	(258,538)
2024	(129,228)

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Additional Information:

Collective balances are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,143,832,135	19,689,501,539
Collective total pension expenses	974,471,686	1,099,708,157

Actuarial Assumptions

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

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00% (based on year of service)
Thereafter	3.00-7.00% (based on year of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2000 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Mortality Rates (Continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for one period July1, 2017 to June 30, 2018. 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 impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 7.00% at June 30, 2019 is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS'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>
Risk Mitigation/ Strategies	3.00 %	4.67 %
Cash Equivalents	5.00	2.00
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield	2.00	5.37
Real Estate	7.50	8.33
Real Assets	2.50	9.31
Private Credit	6.00	10.85
Private Equity	12.00	9.00
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.01
Emerging Market Equities	6.50	11.37

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019 [*measurement dates*] respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019 [ <i>Measurement Date</i> ]		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the pension liability	\$ 40,473,654	\$ 32,044,508	\$ 24,936,264

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at [www.state.nj.us/treasury/pensions/pers1](http://www.state.nj.us/treasury/pensions/pers1).

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF)**

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2019 and June 30, 2018 Independent Auditor's Reports dated June 5, 2020 and June 10, 2019, respectively.

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 No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

	<i>[Measurement Date]</i> <u>June 30, 2019</u>
Net Pension Liability:	
Districts proportionate share	None
State's proportionate share associated with the District	<u>\$ 255,590,493</u>
	<u><u>\$ 255,590,493</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019 and June 30, 2018, the proportion of the TPAF net pension liability associated with the District is as follows:

	June 30,	
	<u>2019</u>	<u>2018</u>
District Proportionate Share	0.4164682455 %	0.4019919043 %
Difference - Increase	0.0144763412	

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$15,075,410 for contributions provided by the State.



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45% (based on year of service)
Thereafter	2.75% - 5.65% (based on year of service)
Investment Rate of Return	7.00%

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

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

Long-Term Expected Rate of Return

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

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
YEAR ENDED JUNE 30, 2020

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Long-Term Expected Rate of Return (Continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00 %	4.67 %
Cash Equivalents	5.00	2.00
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield	2.00	5.37
Private Credit	6.00	7.92
Real Assets	2.50	9.31
Real Estate	7.50	8.33
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.00
Emerging Markets Equity	6.50	11.37
Private Equity	<u>12.00</u>	10.85
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2020 (measurement date June 30, 2019) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	At Current Discount Rate	At 1% Increase
	<u>4.60%</u>	<u>5.60%</u>	<u>6.60%</u>
State's proportionate share of the net pension liability associated with the District	\$ 301,397,305	\$ 255,590,493	\$ 217,584,596

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances are as follows:

	June 30,	
	<u>2019</u>	<u>2018</u>
Deferred outflows of resources	\$ 10,129,162,237	\$ 12,599,296,329
Deferred inflows of resources	17,736,240,054	16,171,861,734
Net pension liability	61,519,112,443	63,617,852,031
Total expenses - non-employer	3,628,861,805	3,726,181,598

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**10. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan were as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Employee</u>	<u>Employer</u>
2020	\$ 101,640.75	\$ 50,820.37
2019	107,845.03	58,824.56
2018	88,336.07	48,183.38

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**11. POST-RETIREMENT BENEFITS ("OPEB")**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2018 the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019 the State contributed \$1,908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2018 amounts. The State has appropriated \$1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to qualify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. For fiscal year 2019 the total OPEB liability for the State is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the re-measured total OPEB liability in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees (statewide) covered by benefit terms. At June 30, 2020 the following employees were covered by the benefit terms:

Active Plan Members	216,892.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051.00
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>0</u>
Total Plan Members	<u><u>364,943.00</u></u>

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Fiscal Year Ended June 30,</u>	<u>Post-Retirement Medical</u>
2020	\$ 3,463,686.00
2019	3,793,163.00
2018	3,916,340.00

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**11. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)**

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

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the following OPEB liability note information is derived from reports provided by the State of New Jersey Division of Pension and Benefits and is reported at the board of education level. Note that actual numbers are published in the NJ State’s CAFR: (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

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

Net OPEB Liability:	
Districts proportionate share	None
State’s proportionate share associated with the District	<u>\$ 150,316,707.00</u>
	<u>\$ 150,316,707.00</u>

The proportion of the PERS and TPAF Net OPEB Liability associated with the District’s liability is as follows:

June 30,	
2019	2018
0.3600219000 %	0.3461561700 %

**Total Nonemployer OPEB Liability**

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

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
	<i>(based on service years)</i>	<i>(based on service years)</i>
Salary increases:		
through 2026	1.55 - 3.05%	2.00 - 6.00%
Thereafter	1.55 - 3.05%	3.00 - 7.00%

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**11. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)**

Total Nonemployer OPEB Liability (Continued)

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The discount rate utilized was 3.58% as of June 30, 2017 and 3.87% for June 30, 2018.

Discount Rate

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

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

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

June 30, 2019		
At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
\$ 177,478,321	\$ 150,316,707	\$ 128,586,256

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**11. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)**

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

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

	June 30, 2019	
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 123,785,980	\$ 150,316,707	\$ 185,245,354

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2016.

Shown below are details regarding the Total OPEB Liability for the measurement period from June 30, 2018 to June 30, 2019:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2017 Measurement Date	\$ 159,615,464
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 7,405,544
Interest on the Total OPEB Liability	6,377,896
Difference between Expended and Actual Expenditure	(20,845,936)
Changes of Assumptions	2,241,234
Gross Benefit Payments	(4,614,275)
Contributions from the Member	136,780
Net Changes	\$ (9,298,757)
Balance as of June 30, 2018 Measurement Date	\$ 150,316,707

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The components of the Net OPEB Liability associated with the District as of June 30, 2019 are as follows:

	June 30, 2019
Total OPEB Liability	\$ 150,316,707
Plan Fiduciary Net Position	None
Net OPEB Liability	\$ 150,316,707
Net Position as a Percentage of OPEB Liability	0.0%
OPEB Expense	\$ 6,373,021



**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**11. POST-RETIREMENT BENEFITS ("OPEB") (CONTINUED)**

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$6,373,021 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2019 [*Measurement date*] under GASB 75 prior to any reduction due to the Fiscal Year 2019 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in Assumptions		\$ 37,768,995
Difference between Expended and Actual Experience		30,552,208
Changes in Proportion	\$ 12,319,474	<u>                    </u>
Sub-total	12,319,474	68,321,203
Contributions made in Fiscal Year Ending 2020		
After June 30, 2019 Measurement Date	N/A	N/A
Total	\$ 12,319,474	\$ 68,321,203

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB (revenue) expense as follows:

Measurement Period Ending June 30,	
2020	\$ (9,168,056)
2021	(9,168,056)
2022	(9,168,056)
2023	(9,168,056)
2024	(9,168,056)
Total Thereafter	(22,443,257)

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**11. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)**

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	2019	2018
Deferred outflows of resources	\$ 1,921,145,183	\$ 1,377,313,892
Deferred inflows of resources	20,887,639,826	16,189,378,926
Net OPEB liability	41,729,081,045	46,110,832,982
Total expenses - non-employer	1,015,664,874	2,129,660,368

Other

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

**12. DEFERRED COMPENSATION**

A. IRS Code Section 403(b)

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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:

AXA Equitable  
T. Rowe Price

AIG - VALIC  
Foresters

B. IRS Code Section 457

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by the entities listed below, permits 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 AXA Equitable and AIG - VALIC

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**13 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ None	\$ 118,201.29	\$ 54,224.22	\$ 403,798.82
2019	None	118,410.55	43,640.65	339,821.75
2018	None	109,669.10	31,480.19	265,051.85

**Health Benefits:** The Board of Education for the fiscal year ended June 30, 2020 procured medical insurance coverage for its employees under an agreement with Horizon Blue Cross/Blue Shield of New Jersey under various plans basis.

**14. INTERFUND BALANCES AND TRANSFERS**

The interfund receivable/payable as of June 30, 2020 will be liquidated in the normal course of business in the succeeding year or when funds become available and are as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General	\$ 120,009.28	
Special Revenue		\$ 102,000.00
	<u>120,009.28</u>	<u>102,000.00</u>
Trust and Fiduciary Funds:		
Payroll Agency & Net		\$ 38,749.11
General		18,009.28
Unemployment	\$ 38,749.11	
	<u>38,749.11</u>	<u>56,758.39</u>
	<u>\$ 158,758.39</u>	<u>\$ 158,758.39</u>

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**15. CAPITAL RESERVE ACCOUNT**

A Capital Reserve Account was established by the Board. An analysis of the Capital Reserve account history is as follows:

Capital Reserve Account established on October 11, 2000	\$	1,000.00
Interest Earnings:		
Prior to June 30, 2019	\$	16,202.00
For the year ended June 30, 2020		2,500.00
		18,702.00
Capital Reserve Account Supplemental Appropriation:		
Prior to June 30, 2019	\$	2,384,102.00
For the year ended June 30, 2020		None
		2,384,102.00
	\$	2,403,804.00
Less - Authorized Withdrawals:		
Prior to June 30, 2019	\$	1,654,502.00
For the year ended June 30, 2020		None
		1,654,502.00
Balance as of June 30, 2020	\$	749,302.00

The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund Annual Budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board Resolution at year end, if 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.

**16. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$11,021,109.27 General Fund fund balance at June 30, 2020, \$749,302.00 is restricted for the Capital Reserve Account; \$3,289,115.12 is restricted – excess surplus – designated for subsequent years expenditures, \$5,100,774.01 is restricted – excess surplus, \$120,667.44 is assigned for other purposes (encumbrances) and \$1,761,250.70 is unassigned.

**Debt Service Fund** – Of the Debt Service Fund fund balance at June 30, 2020, \$1.48 is restricted for debt service.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**17. CONTINGENT LIABILITIES AND COMMITMENTS**

- A. **Grant Programs** – The school district participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. **Pending Litigation** – There are matters pending which should not, in the event of an adverse ruling, result in a material significant impact on the district's financial condition.
- C. **Contractual Commitments**

The District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$120,667.44.

**18. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess fund balance as a result of the 2018-2019 school year of \$3,289,115.12 and 2019-2020 school year of \$5,100,774.01.

**19. RECONCILIATION OF FUND BALANCE – GENERAL FUND**

The Surpluses are presented on a GAAP basis and reconciliation to the budget basis is follows:

	Total
Balance on a Budget Basis on the General Fund	
Budgetary Basic Comparison -	
Reserve for Excess Surplus	\$ 2,328,221.70
Less: State Aid Payment not Recognized on a	
GAAP Basis	566,971.00
	\$ 1,761,250.70

**20. ECONOMIC DEPENDENCY**

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

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**21. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$161,103,343.17 indicated as part of the Governmental Activities net position is calculated as follows:

	Amount
Capital assets, net of depreciation	\$ 161,103,343.17
Bonds payable (used to build or acquire capital assets)	(118,365,000.00)
Capital lease	(5,504,073.31)
Deferred loss on defeasance of debt	11,049,654.94
Unamortized deferred premium	(4,104,024.93)
	\$ 44,179,899.87

**22. NET POSITION – ENTERPRISE FUND**

**Enterprise Fund** – Of the Falcon Care net position at June 30, 2020 of the \$625,137.03 the District has appropriated \$600,000.00 as miscellaneous revenue in the 2020-2021 General Fund.

**23. 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. 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 provision 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 Monroe has no long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**24. SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC**

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that overall there is no adverse impact on its June 30, 2020 financial statements (*audited*). Financial impact for the year ending June 30, 2021 is uncertain at this time. A significant portion of the revenue to support the District operations is taxation. It is not known at this time if there are any federal or state funds available for impact relief.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 104,513,898.00		\$ 104,513,898.00	\$ 104,513,898.00	
Tuition	4,097,500.00		4,097,500.00	4,210,042.15	\$ 112,542.15
Transportation Fees	294,800.00		294,800.00	202,429.19	(92,370.81)
Interest earned on capital reserve funds	2,500.00		2,500.00	2,500.00	
Miscellaneous	760,100.00	\$ 43,499.82	803,599.82	505,380.79	(298,219.03)
<b>Total - local sources</b>	<b>109,668,798.00</b>	<b>43,499.82</b>	<b>109,712,297.82</b>	<b>109,434,250.13</b>	<b>(278,047.69)</b>
State sources:					
Categorical Special education aid	3,058,774.00		3,058,774.00	3,058,774.00	
Extraordinary aid	350,674.00	116,657.00	467,331.00	467,331.00	
Categorical Transportation Aid	2,753,019.00		2,753,019.00	2,753,019.00	
Categorical Security Aid	103,764.00		103,764.00	103,764.00	
On behalf - TPAF - Pension Contribution (Non-budgeted)				9,336,542.00	9,336,542.00
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,463,686.00	3,463,686.00
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				8,255.00	8,255.00
Reimbursed TPAF social security contributions (Non-budgeted)				3,763,040.21	3,763,040.21
<b>Total - state sources</b>	<b>6,266,231.00</b>	<b>116,657.00</b>	<b>6,382,888.00</b>	<b>22,954,411.21</b>	<b>16,571,523.21</b>
Federal sources:					
Medical Assistance Program	57,766.00		57,766.00	58,287.70	521.70
<b>Total - federal sources</b>	<b>57,766.00</b>		<b>57,766.00</b>	<b>58,287.70</b>	<b>521.70</b>
<b>TOTAL REVENUES</b>	<b>\$ 115,992,795.00</b>	<b>\$ 160,156.82</b>	<b>\$ 116,152,951.82</b>	<b>\$ 132,446,949.04</b>	<b>\$ 16,293,997.22</b>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 527,980.00	\$ 166,000.00	\$ 693,980.00	\$ 683,257.10	\$ 10,722.90
Grades 1 - 5	10,989,321.00	(726,000.00)	10,263,321.00	10,155,018.86	108,302.14
Grades 6 - 8	7,912,418.00	525,000.00	8,437,418.00	8,266,375.94	171,042.06
Grades 9 - 12	11,733,105.00	(645,000.00)	11,088,105.00	10,981,955.27	106,149.73
Total regular programs - instruction	31,162,824.00	(680,000.00)	30,482,824.00	30,086,607.17	396,216.83
Regular programs - home instruction:					
Salaries of teachers	102,722.00	(30,000.00)	72,722.00	60,954.14	11,767.86
Purchased professional - education services	41,796.00	(20,000.00)	21,796.00	12,681.47	9,114.53
Other purchased services (400-500 series)	855.00		855.00	574.27	280.73
Total regular programs - home instruction	145,373.00	(50,000.00)	95,373.00	74,209.88	21,163.12
Regular programs - undistributed instruction:					
Other salaries for instruction	567,449.00	(255,500.00)	311,949.00	256,345.51	55,603.49
Purchased professional - educational services	21,020.00		21,020.00	17,360.00	3,660.00
Other purchased services (400-500 Series)	2,018,997.00		2,018,997.00	1,918,035.48	100,961.52
General supplies	2,253,833.00	(148,603.00)	2,105,230.00	2,080,264.25	24,965.75
Textbooks	279,691.00	(194,000.00)	85,691.00	81,269.42	4,421.58
Other objects	5,101.00		5,101.00	4,183.50	917.50
Total regular programs - undistributed instruction	5,146,091.00	(598,103.00)	4,547,988.00	4,357,458.16	190,529.84
Total regular programs - instructions	36,454,288.00	(1,328,103.00)	35,126,185.00	34,518,275.21	607,909.79
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	384,333.00	(85,200.00)	299,133.00	249,006.20	50,126.80
Other salaries for instruction	323,270.00	(250.00)	323,020.00	314,303.15	8,716.85
General supplies	35,827.00	(8,000.00)	27,827.00	16,878.61	10,948.39
Total learning and/or language disabilities	743,430.00	(93,450.00)	649,980.00	580,187.96	69,792.04
Special Education - Multiple disabilities					
Salaries of teachers	304,994.00	210,500.00	515,494.00	508,798.91	6,695.09
Other salaries for instruction	410,795.00	75,000.00	485,795.00	475,213.60	10,581.40
Supplies	19,515.00	(10,000.00)	9,515.00	6,410.33	3,104.67
Total special education - multiple disabilities	735,304.00	275,500.00	1,010,804.00	990,422.84	20,381.16

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 8,410,422.00	\$ (104,800.00)	\$ 8,305,622.00	\$ 8,168,795.57	\$ 136,826.43
Other salaries for instruction	1,362,607.00	238,800.00	1,601,407.00	1,574,476.40	26,930.60
General supplies	58,236.00		58,236.00	54,432.69	3,803.31
Textbooks	10,012.00	(6,000.00)	4,012.00		4,012.00
Total resource room/resource center	<u>9,841,277.00</u>	<u>128,000.00</u>	<u>9,969,277.00</u>	<u>9,797,704.66</u>	<u>171,572.34</u>
Autism:					
Salaries of teachers	417,016.00		417,016.00	352,001.40	65,014.60
Other salaries for instruction	523,885.00	(20,000.00)	503,885.00	498,009.94	5,875.06
Purchased Professional Educational Services	475.00		475.00		475.00
General supplies	6,600.00	2,500.00	9,100.00	8,720.81	379.19
Total autism	<u>947,976.00</u>	<u>(17,500.00)</u>	<u>930,476.00</u>	<u>858,732.15</u>	<u>71,743.85</u>
Preschool disabilities - part-time:					
Salaries of teachers	298,121.00		298,121.00	272,606.26	25,514.74
Other salaries for instruction	197,441.00	24,000.00	221,441.00	216,658.53	4,782.47
General supplies	3,360.00	7,000.00	10,360.00	9,273.54	1,086.46
Total preschool disabilities - part-time	<u>498,922.00</u>	<u>31,000.00</u>	<u>529,922.00</u>	<u>498,538.33</u>	<u>31,383.67</u>
Preschool disabilities - full-time:					
Salaries of teachers	195,901.00	20,000.00	215,901.00	209,494.47	6,406.53
Other salaries for instruction	193,367.00	(19,500.00)	173,867.00	132,294.47	41,572.53
General supplies	18,935.00		18,935.00	4,467.41	14,467.59
Total preschool disabilities - full-time	<u>408,203.00</u>	<u>500.00</u>	<u>408,703.00</u>	<u>346,256.35</u>	<u>62,446.65</u>
Home Instruction:					
Salaries of teachers	97,383.00		97,383.00	77,617.84	19,765.16
Purchased professional-educational services	55,370.00	35,000.00	90,370.00	73,598.18	16,771.82
Other purchased services (400-500 Series)	3,285.00		3,285.00	1,662.06	1,622.94
Total home instruction	<u>156,038.00</u>	<u>35,000.00</u>	<u>191,038.00</u>	<u>152,878.08</u>	<u>38,159.92</u>
Total special education - instruction	<u>13,331,150.00</u>	<u>359,050.00</u>	<u>13,690,200.00</u>	<u>13,224,720.37</u>	<u>465,479.63</u>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic skills/remedial - Instruction:					
Salaries of Teachers	\$ 1,046,192.00		\$ 1,046,192.00	\$ 907,797.15	\$ 138,394.85
Other salaries for instruction	14,796.00		14,796.00		14,796.00
General supplies	8,845.00		8,845.00	3,220.01	5,624.99
<b>Total basic skills/remedial - Instruction</b>	<b>1,069,833.00</b>		<b>1,069,833.00</b>	<b>911,017.16</b>	<b>158,815.84</b>
Bilingual education - Instruction:					
Salaries of teachers	280,218.00	\$ 50,000.00	330,218.00	329,339.56	878.44
Other salaries for instruction		21,200.00	21,200.00	21,141.80	58.20
Purchased professional-educational services	450.00		450.00		450.00
Other purchased services (400-500 Series)	425.00	4,000.00	4,425.00	4,156.06	268.94
General supplies	16,115.00	2,000.00	18,115.00	16,545.39	1,569.61
<b>Total bilingual education - Instruction</b>	<b>297,208.00</b>	<b>77,200.00</b>	<b>374,408.00</b>	<b>371,182.81</b>	<b>3,225.19</b>
School sponsored co/extra - curricular activities - Instructions:					
Salaries	498,790.00	(90,000.00)	408,790.00	364,986.45	43,803.55
Purchase services (300-500 Series)	48,724.00	3,500.00	52,224.00	35,097.56	17,126.44
Supplies and materials	73,007.00	11,707.30	84,714.30	82,630.53	2,083.77
Other objects	36,065.00	(16,700.00)	19,365.00	9,102.38	10,262.62
<b>Total school sponsored co/extra - curricular activities - Instruction</b>	<b>656,586.00</b>	<b>(91,492.70)</b>	<b>565,093.30</b>	<b>491,816.92</b>	<b>73,276.38</b>
School sponsored athletics - Instruction:					
Salaries	728,065.00		728,065.00	726,701.78	1,363.22
Purchased services (300-500 Series)	144,440.00	(10,000.00)	134,440.00	83,954.25	50,485.75
Supplies and materials	214,259.00	(28,210.00)	186,049.00	162,073.19	23,975.81
Other objects	27,576.00	8,400.00	35,976.00	31,010.00	4,966.00
<b>Total school sponsored athletic activities - instruction</b>	<b>1,114,340.00</b>	<b>(29,810.00)</b>	<b>1,084,530.00</b>	<b>1,003,739.22</b>	<b>80,790.78</b>
Community Service Programs/Operations:					
Salaries	36,668.00		36,668.00	30,570.48	6,097.52
<b>Total Community Service Programs/Operations</b>	<b>36,668.00</b>		<b>36,668.00</b>	<b>30,570.48</b>	<b>6,097.52</b>
<b>Total special programs</b>	<b>3,174,635.00</b>	<b>(44,102.70)</b>	<b>3,130,532.30</b>	<b>2,808,326.59</b>	<b>322,205.71</b>
<b>Total instructional programs</b>	<b>52,960,073.00</b>	<b>(1,013,155.70)</b>	<b>51,946,917.30</b>	<b>50,551,322.17</b>	<b>1,395,595.13</b>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed expenditures:</b>					
<b>Instruction:</b>					
Tuition to county spec. serv - district and regional	\$ 765,021.00	\$ (90,000.00)	\$ 675,021.00	\$ 505,947.00	\$ 169,074.00
Tuition to private schools-disabled within the state	1,444,148.00		1,444,148.00	1,282,039.97	162,108.03
Tuition - state facilities	4,500.00		4,500.00	4,500.00	
Tuition - other		527,000.00	527,000.00	367,770.00	159,230.00
<b>Total undistributed expenditures - instruction</b>	<b>2,213,669.00</b>	<b>437,000.00</b>	<b>2,650,669.00</b>	<b>2,160,256.97</b>	<b>490,412.03</b>
<b>Attendance and social work:</b>					
Salaries	10,523.00		10,523.00	7,304.00	3,219.00
Other purchased services (400-500 Series)	5,000.00	1,000.00	6,000.00	6,000.00	
<b>Total attendance and Social Work</b>	<b>15,523.00</b>	<b>1,000.00</b>	<b>16,523.00</b>	<b>13,304.00</b>	<b>3,219.00</b>
<b>Health services:</b>					
Salaries	1,218,300.00	50,000.00	1,268,300.00	1,217,511.05	50,788.95
Purchased professional and technical services	52,925.00		52,925.00	15,553.38	37,371.62
Other purchased services (400-500 Series)	1,916.00		1,916.00	986.08	929.92
Supplies and materials	25,658.00		25,658.00	12,931.84	12,726.16
<b>Total health services</b>	<b>1,298,799.00</b>	<b>50,000.00</b>	<b>1,348,799.00</b>	<b>1,246,982.35</b>	<b>101,816.65</b>
<b>Other support services - student-related services:</b>					
Salaries	2,170,207.00	(50,000.00)	2,120,207.00	2,095,307.27	24,899.73
Purchased professional - educational services	518,725.00	(67,500.00)	451,225.00	390,020.78	61,204.22
Supplies and materials	29,675.00	8,000.00	37,675.00	36,883.34	791.66
Other objects	4,088.00	4,000.00	8,088.00	5,408.33	2,679.67
<b>Total other support services - student-related services</b>	<b>2,722,695.00</b>	<b>(105,500.00)</b>	<b>2,617,195.00</b>	<b>2,527,619.72</b>	<b>89,575.28</b>
<b>Other support services - students - regular:</b>					
Salaries of other professional staff	1,605,580.00	70,000.00	1,675,580.00	1,645,412.12	30,167.88
Salaries of secretarial & clerical assistants	158,018.00		158,018.00	151,501.77	6,516.23
Purchased professional - educational services	19,071.00		19,071.00	7,850.00	11,221.00
Other purchase professional and tech services	2,000.00		2,000.00	1,098.00	902.00
Other purchase services (400-500 Series)	29,925.00		29,925.00	18,356.48	11,568.52
Supplies and materials	50,107.00		50,107.00	33,423.80	16,683.20
Other objects	1,327.00		1,327.00	429.00	898.00
<b>Total other support services - students - regular</b>	<b>1,866,028.00</b>	<b>70,000.00</b>	<b>1,936,028.00</b>	<b>1,858,071.17</b>	<b>77,956.83</b>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - special:					
Salaries of other professional staff	\$ 2,977,004.00	\$ (100,000.00)	\$ 2,877,004.00	\$ 2,746,349.91	\$ 130,654.09
Salaries of secretarial & clerical assistants	370,979.00	15,300.00	386,279.00	349,130.80	37,148.20
Unused Vacation Payments		16,600.00	16,600.00	16,598.45	1.55
Purchased professional - educational services	55,486.00	91,000.00	146,486.00	121,070.30	25,415.70
Other purchased professional and technical services	1,947.00		1,947.00		1,947.00
Miscellaneous purchased services (400-500 Series other than residential costs)	50,047.00	(18,000.00)	32,047.00	12,026.84	20,020.16
Supplies and materials	77,735.00	(10,000.00)	67,735.00	59,802.56	7,932.44
Other objects	888.00		888.00		888.00
<b>Total other support services - students - special</b>	<b>3,534,086.00</b>	<b>(5,100.00)</b>	<b>3,528,986.00</b>	<b>3,304,978.86</b>	<b>224,007.14</b>
Improvement of instructional services:					
Salaries of supervisors of instruction	868,636.00	30,000.00	898,636.00	877,873.39	20,762.61
Salaries of other professional staff	70,576.00		70,576.00	53,617.60	16,958.40
Salaries of secretarial & clerical assistants	155,097.00	(21,500.00)	133,597.00	124,018.34	9,578.66
Unused Vacation Payments		50,000.00	50,000.00	49,086.88	913.12
Purchased professional - educational services	66,194.00	25,000.00	91,194.00	85,387.50	5,806.50
Other purchased services (400-500 Series)	60,820.00		60,820.00	49,112.89	11,707.11
Supplies and materials	27,853.00		27,853.00	5,008.66	22,844.34
Other objects	17,761.00	6,000.00	23,761.00	23,710.00	51.00
<b>Total improvement of instructional services</b>	<b>1,266,937.00</b>	<b>89,500.00</b>	<b>1,356,437.00</b>	<b>1,267,815.26</b>	<b>88,621.74</b>
Educational media services/school library:					
Salaries	745,215.00	4,800.00	750,015.00	722,409.19	27,605.81
Other purchased services (400-500 Series)	20,210.00		20,210.00	10,426.02	9,783.98
Supplies and materials	126,528.00	(30,000.00)	96,528.00	86,101.61	10,426.39
Other objects	298.00		298.00		298.00
<b>Total educational media services/school library</b>	<b>892,251.00</b>	<b>(25,200.00)</b>	<b>867,051.00</b>	<b>818,936.82</b>	<b>48,114.18</b>
Instructional staff training services:					
Salaries of supervisors of instruction	283,155.00		283,155.00	255,920.41	27,234.59
Salaries of secretarial & clerical assistants	48,035.00		48,035.00	43,958.16	4,076.84
Purchased professional - educational services	27,984.00	5,500.00	33,484.00	29,050.00	4,434.00
Other purchased services (400-500 Series)	31,040.00		31,040.00	15,992.81	15,047.19
Supplies and materials	1,958.00		1,958.00		1,958.00
Other objects	551.00		551.00		551.00
<b>Total instructional staff training services</b>	<b>392,723.00</b>	<b>5,500.00</b>	<b>398,223.00</b>	<b>344,921.38</b>	<b>53,301.62</b>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration:					
Salaries	\$ 508,329.00	\$ (90,500.00)	\$ 417,829.00	\$ 383,460.55	\$ 34,368.45
Salaries of Attorneys	196,389.00		196,389.00	193,079.04	3,309.96
Legal services	30,000.00	23,700.00	53,700.00	36,312.00	17,388.00
Audit Fee	54,778.00		54,778.00	53,060.00	1,718.00
Architectural/Engineering Services	64,698.00	129,300.00	193,998.00	131,130.44	62,867.56
Other purchased professional services	10,260.00		10,260.00	5,000.00	5,260.00
Communications/telephone	133,303.00	4,000.00	137,303.00	134,272.65	3,030.35
BOE other purchased services	6,900.00	15,200.00	22,100.00	14,577.08	7,522.92
Other purchased services (400-500)	480,680.00	71,500.00	552,180.00	549,144.02	3,035.98
General supplies	12,129.00		12,129.00	10,635.27	1,493.73
BOE in-house training/meeting supplies	7,846.00		7,846.00	3,650.99	4,195.01
Miscellaneous expenditures	8,575.00		8,575.00	7,586.76	988.24
BOE membership dues and fees	28,341.00		28,341.00	26,780.43	1,560.57
<b>Total support services - general administration</b>	<b>1,542,228.00</b>	<b>153,200.00</b>	<b>1,695,428.00</b>	<b>1,548,689.23</b>	<b>146,738.77</b>
Support services - school administration:					
Salaries of principals/assistant principals	2,428,879.00	(150,000.00)	2,278,879.00	2,165,669.17	113,209.83
Salaries of other professional staff	422,728.00	50,000.00	472,728.00	458,870.56	13,857.44
Salaries of secretarial and clerical assistants	1,582,680.00		1,582,680.00	1,430,748.88	151,931.12
Unused Vacation Payments		44,000.00	44,000.00	43,919.42	80.58
Purchased professional and technical services	6,551.00		6,551.00	6,551.00	6,551.00
Other purchased services (400-500 Series)	19,947.00	(4,000.00)	15,947.00	5,729.34	10,217.66
Supplies and materials	73,371.00	7,000.00	80,371.00	74,236.59	6,134.41
Other objects	21,586.00	3,800.00	25,386.00	25,382.27	3.73
<b>Total support services - school administration</b>	<b>4,555,742.00</b>	<b>(49,200.00)</b>	<b>4,506,542.00</b>	<b>4,204,556.23</b>	<b>301,985.77</b>
Central services:					
Salaries	1,110,101.00		1,110,101.00	1,073,402.27	36,698.73
Purchased technical services	47,774.00		47,774.00	12,547.92	35,226.08
Miscellaneous purchased services (400-500 Series)	14,081.00		14,081.00	10,400.91	3,680.09
Supplies and materials	20,338.00		20,338.00	11,222.52	9,115.48
Miscellaneous expenditures	9,262.00		9,262.00	8,382.00	880.00
<b>Total central services</b>	<b>1,201,556.00</b>		<b>1,201,556.00</b>	<b>1,115,955.62</b>	<b>85,600.38</b>



**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Admin. Info. technology:					
Salaries	\$ 1,041,296.00		\$ 1,041,296.00	\$ 1,024,379.12	\$ 16,916.88
Other purchased services (400-500 Series)	5,248.00		5,248.00	494.17	4,753.83
Supplies and materials	6,070.00		6,070.00	2,512.52	3,557.48
Other Objects DISTRICT		\$ 2,500.00	2,500.00	1,900.00	600.00
<b>Total admin. Info. technology</b>	<b>1,052,614.00</b>	<b>2,500.00</b>	<b>1,055,114.00</b>	<b>1,029,285.81</b>	<b>25,828.19</b>
Required maintenance for school facilities:					
Salaries	951,442.00	(37,500.00)	913,942.00	886,245.97	27,696.03
Cleaning, repair and maintenance services	282,785.00	150,820.00	433,605.00	335,178.86	98,426.14
General supplies	304,393.00	(20,500.00)	283,893.00	232,188.11	51,704.89
Other objects	6,031.00		6,031.00	3,509.44	2,521.56
<b>Total required maintenance for school facilities</b>	<b>1,544,651.00</b>	<b>92,820.00</b>	<b>1,637,471.00</b>	<b>1,457,122.38</b>	<b>180,348.62</b>
Custodial Services:					
Salaries	4,091,617.00	(248,000.00)	3,843,617.00	3,772,897.71	70,719.29
Salaries of Noninstructional Aides		338,000.00	338,000.00	320,522.25	17,477.75
Unused Vacation Payments		29,200.00	29,200.00	28,685.99	514.01
Purchased professional and technical services	303,796.00	(4,450.00)	299,346.00	207,354.19	91,991.81
Cleaning, repair and maintenance services	78,231.00	15,500.00	93,731.00	57,848.84	35,882.16
Rental of Land and Buildings	70,992.00		70,992.00	70,694.19	297.81
Water and sewer facilities	145,016.00	123,000.00	268,016.00	246,204.95	21,811.05
Insurance	170,106.00	1,000.00	171,106.00	170,530.35	575.65
Miscellaneous purchased services	99,766.00		99,766.00	80,050.69	19,715.31
General supplies	225,164.00	45,000.00	270,164.00	219,409.20	50,754.80
Energy (natural gas)	214,542.00	(14,500.00)	200,042.00	157,248.10	42,793.90
Energy (electricity)	1,454,759.00	(170,500.00)	1,284,259.00	1,157,584.50	126,674.50
Energy (oil)	34,092.00	(8,000.00)	26,092.00	25,755.57	336.43
Other objects facilities	3,249.00		3,249.00	2,829.00	420.00
<b>Total custodial services:</b>	<b>6,891,330.00</b>	<b>106,250.00</b>	<b>6,997,580.00</b>	<b>6,517,615.53</b>	<b>479,964.47</b>
Care and Upkeep of Grounds:					
Salaries	138,220.00	22,000.00	160,220.00	141,673.47	18,546.53
Purchased professional & technical services	93,451.00	(65,200.00)	28,251.00	6,395.00	21,856.00
Cleaning, repair and maintenance services	319,756.00	(50,000.00)	269,756.00	210,981.01	58,774.99
General supplies	82,615.00	45,100.00	127,715.00	38,869.49	88,845.51
Other objects	925.00	2,000.00	2,925.00	1,504.00	1,421.00
<b>Total care and upkeep of grounds:</b>	<b>634,967.00</b>	<b>(46,100.00)</b>	<b>588,867.00</b>	<b>399,422.97</b>	<b>189,444.03</b>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 839,245.00	\$ 270,000.00	\$ 1,109,245.00	\$ 1,074,847.96	\$ 34,397.04
Purchased professional & technical services	24,075.00	9,000.00	33,075.00	21,946.50	11,128.50
Cleaning, repair and maintenance services	24,250.00	28,000.00	52,250.00	52,011.70	238.30
General supplies	21,550.00	55,000.00	76,550.00	21,202.25	55,347.75
Other objects	1,601.00	1,000.00	2,601.00	1,003.85	1,597.15
<b>Total security:</b>	<b>910,721.00</b>	<b>363,000.00</b>	<b>1,273,721.00</b>	<b>1,171,012.26</b>	<b>102,708.74</b>
<b>Total operation and maintenance of plant services</b>	<b>9,981,669.00</b>	<b>515,970.00</b>	<b>10,497,639.00</b>	<b>9,545,173.14</b>	<b>952,465.86</b>
Student transportation services:					
Salaries of non-instructional aides	163,648.00	190,500.00	354,148.00	325,466.00	28,682.00
Salaries of Pupil transportation - (between home and school) - regular	2,215,554.00	325,500.00	2,541,054.00	2,536,558.42	4,495.58
Salaries of Pupil transportation (between home and school) - special education	276,759.00	(55,500.00)	221,259.00	157,765.51	63,493.49
Other purchased professional and technical services	16,420.00		16,420.00	7,394.25	9,025.75
Management fee transportation	102,950.00	(20,000.00)	82,950.00	60,138.83	22,811.17
Cleaning, repair and maintenance services	26,307.00	50,000.00	76,307.00	893.22	75,413.78
Lease purchase payments - School Buses	867,846.00	(210,000.00)	657,846.00	628,568.30	29,277.70
Contracted services - aid in lieu of payments - nonpublic schools	317,000.00	(89,623.00)	227,377.00	180,158.00	47,219.00
Contracted services - (between home and school) - vendors	12,873.00	95,000.00	107,873.00	61,625.82	46,247.18
Contracted services (other than between home and school) - vendors	193,517.00	(600.00)	192,917.00	78,752.35	114,164.65
Contracted services (regular) - ESC and CTSA's	1,118,222.00	(290,000.00)	828,222.00	666,934.07	161,287.93
Contracted services (special education students) - ESC's and CTSA's	1,932,453.00	(597,000.00)	1,335,453.00	1,140,884.10	194,568.90
Miscellaneous purchased services - Transportation	147,836.00	(60,500.00)	87,336.00	76,070.86	11,265.14
General Supplies	19,956.00		19,956.00	988.26	18,967.74
Transportation supplies	563,346.00	(131,000.00)	432,346.00	324,421.33	107,924.67
Other Objects	5,315.00	2,500.00	7,815.00	6,995.00	820.00
<b>Total student transportation services</b>	<b>7,980,002.00</b>	<b>(790,723.00)</b>	<b>7,189,279.00</b>	<b>6,253,614.32</b>	<b>935,664.68</b>

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services - Employee Benefits					
Group insurance	\$ 1,407,677.00	\$ 635,000.00	\$ 2,042,677.00	\$ 2,041,057.00	\$ 1,620.00
Social Security Contributions	201,839.00	(77,000.00)	124,839.00	124,488.00	351.00
Total student transportation services - employee benefits	1,609,516.00	558,000.00	2,167,516.00	2,165,545.00	1,971.00
Unallocated benefits - Employee benefits:					
Social security contribution	1,460,907.00	106,000.00	1,566,907.00	1,562,480.37	4,426.63
Other retirement contributions - regular	1,638,116.00	115,000.00	1,753,116.00	1,746,449.19	6,666.81
Workmen's compensation	645,773.00	(70,000.00)	575,773.00	575,369.11	403.89
Health benefits	20,662,941.00	(348,619.00)	20,314,322.00	19,948,959.12	365,362.88
Tuition reimbursement	89,910.00	15,000.00	104,910.00	90,020.23	14,889.77
Other employee benefits	794,696.00	275,000.00	1,069,696.00	1,068,641.70	1,054.30
Total unallocated benefits - employee benefits	25,292,343.00	92,381.00	25,384,724.00	24,991,919.72	392,804.28
On behalf - TPAF - Pension Contribution (Non-budgeted)				9,336,542.00	(9,336,542.00)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,463,686.00	(3,463,686.00)
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				8,255.00	(8,255.00)
Reimbursed TPAF social security contributions (Non-budgeted)				3,763,040.21	(3,763,040.21)
Total on behalf - Contributions				16,571,523.21	(16,571,523.21)
Total personal services - employee benefits	26,901,859.00	650,381.00	27,552,240.00	43,728,987.93	(16,176,747.93)
Total undistributed expenditures	67,418,381.00	999,328.00	68,417,709.00	80,969,148.81	(12,551,439.81)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>120,378,454.00</b>	<b>(13,827.70)</b>	<b>120,364,626.30</b>	<b>131,520,470.98</b>	<b>(11,155,844.68)</b>
CAPITAL OUTLAY:					
Equipment Grades 1-5		143,417.00	143,417.00	140,730.00	2,687.00
Equipment-High School		10,910.00	10,910.00	10,901.02	8.98
Equipment - athletics		9,266.00	9,266.00	9,266.00	
Total equipment - regular programs - instruction		163,593.00	163,593.00	160,897.02	2,695.98

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities acquisition and construction services:					
Architectural/Engineering Services	\$	\$ 114,584.45	\$ 114,584.45	\$ 92,876.20	\$ 21,708.25
Construction Services District	963,678.00	34,059.09	997,737.09	906,128.21	91,608.88
Debt service assessment SDA funding	<u>106,185.00</u>		<u>106,185.00</u>	<u>106,185.00</u>	
Total facilities acquisition - other	<u>1,069,863.00</u>	<u>148,643.54</u>	<u>1,218,506.54</u>	<u>1,105,189.41</u>	<u>113,317.13</u>
Assets acquired under capital lease (non-budgeted):					
Undistributed Expenditures:					
Instruction				<u>2,506,500.00</u>	<u>(2,506,500.00)</u>
TOTAL EXPENDITURES - CAPITAL OUTLAY	\$ <u>1,069,863.00</u>	\$ <u>312,236.54</u>	\$ <u>1,382,099.54</u>	\$ <u>3,772,586.43</u>	\$ <u>(2,390,486.89)</u>
Transfer of Funds to Charter Schools	<u>163,849.00</u>	<u>32,219.00</u>	<u>196,068.00</u>	<u>196,051.00</u>	<u>17.00</u>
Total of Funds to Charter Schools	<u>163,849.00</u>	<u>32,219.00</u>	<u>196,068.00</u>	<u>196,051.00</u>	<u>17.00</u>
TOTAL GENERAL FUND EXPENDITURES	<u>121,612,166.00</u>	<u>330,627.84</u>	<u>121,942,793.84</u>	<u>135,489,108.41</u>	<u>(13,546,314.57)</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(5,619,371.00)</u>	<u>(170,471.02)</u>	<u>(5,789,842.02)</u>	<u>(3,042,159.37)</u>	<u>(2,747,682.65)</u>
Other financing sources/(uses):					
Operating Transfers in/(out)				600,000.00	600,000.00
Capital Leases Budget				<u>2,506,500.00</u>	<u>2,506,500.00</u>
Total other financing sources/(uses)				<u>3,106,500.00</u>	<u>3,106,500.00</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ <u>(5,619,371.00)</u>	\$ <u>(170,471.02)</u>	\$ <u>(5,789,842.02)</u>	\$ 64,340.63	\$ 5,854,182.65
Fund balance, July 1	<u>11,523,739.64</u>		<u>11,523,739.64</u>	<u>11,523,739.64</u>	
Fund balance, June 30	\$ <u><u>5,904,368.64</u></u>	\$ <u><u>(170,471.02)</u></u>	\$ <u><u>5,733,897.62</u></u>	\$ <u><u>11,588,080.27</u></u>	\$ <u><u>5,854,182.65</u></u>

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE UNAUDITED FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund balance appropriated per budget	\$ 5,021,871.00				
Transfer from other funds	600,000.00				
Less: Increase in capital reserve	2,500.00				
	\$ 5,619,371.00				
Detail of budget transfers:					
Prior Year Reserve for Encumbrances		\$ 170,471.02			
Miscellaneous Revenue		43,499.82			
Extraordinary Aid		116,657.00			
		\$ 330,627.84			
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved for Encumbrances				\$ 120,667.44	
Excess surplus - designated for subsequent year's expenditures (20-21)				3,289,115.12	
Reserved for excess surplus (21-22)				5,100,774.01	
Capital reserve:					
Unassigned				749,302.00	
Unassigned - Fund Balance (2%)				2,328,221.70	
				\$ 11,588,080.27	
Reconciliation to governmental funds statements (GAAP):					
Less: Last State Aid payment not recognized on GAAP basis				566,971.00	
Fund balance per governmental funds (GAAP)				\$ 11,021,109.27	

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES:</b>		
Federal Sources	\$ 1,557,612.00	\$ 1,493,381.77
Total Revenues	<u>\$ 1,557,612.00</u>	<u>\$ 1,493,381.77</u>
<b>EXPENDITURES:</b>		
Instruction:		
Salaries	\$ 114,278.00	\$ 105,463.47
Other Purchased Services	1,154,362.00	1,154,362.00
General Supplies	<u>60,311.43</u>	<u>42,846.03</u>
Total Instruction	<u>\$ 1,328,951.43</u>	<u>\$ 1,302,671.50</u>
Support Services:		
Salaries	\$ 8,300.00	\$ 6,048.72
Purchased Professional and Technical Services	104,222.17	100,645.00
Other Purchased Professional Services	24,671.90	21,080.75
Supplies and Materials	65,736.50	37,205.80
Purchased Projects	<u>25,730.00</u>	<u>25,730.00</u>
Total Support Services	<u>\$ 228,660.57</u>	<u>\$ 190,710.27</u>
Total Expenditures	<u>\$ 1,557,612.00</u>	<u>\$ 1,493,381.77</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 132,446,949.04	C-2 \$ 1,493,381.77
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	487,285.00	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(566,971.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>132,367,263.04</u>	B-2 \$ <u>1,493,381.77</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 132,982,608.41	C-2 \$ 1,493,381.77
<b>Difference - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures and change in fund balance - governmental funds.	B-2 \$ <u>132,982,608.41</u>	B-2 \$ <u>1,493,381.77</u>



**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SEVEN (7) FISCAL YEARS**

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>District's Proportionate Share of Net Pension Liability (asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2020	0.1778422432 %	\$ 32,044,508	\$ 13,861,837	231.10 %	56.27 %
2019	0.1742602112	34,310,965	13,208,658	259.76	46.40
2018	0.1729852330	40,261,980	12,230,395	329.19	51.90
2017	0.1657768660	49,098,353	12,080,496	406.43	40.14
2016	0.1637240820	36,752,723	11,710,198	313.85	47.92
2015	0.1526923938	30,063,870	11,307,428	265.80	48.72
2014	0.1605741339	29,182,550	11,171,901	261.20	52.08

Note: Only the last seven (7) years of information are presented as GASB 68 was implemented during the year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SEVEN (7) FISCAL YEARS**

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered-Employee Payroll</u>	<u>Contributions as Percentage of Covered-Employee Payroll</u>
2020	\$ 1,728,891	\$ 1,728,891	None	\$ 13,861,338	12.40 %
2019	1,733,328	1,733,328	None	13,208,657	13.12
2018	1,544,244	1,544,244	None	12,230,395	14.17
2017	1,472,738	1,472,738	None	12,080,496	12.78
2016	1,407,588	1,407,588	None	11,710,198	12.58
2015	1,323,750	1,323,750	None	11,307,428	11.71
2014	1,131,267	1,131,267	None	11,171,901	10.29

Note: Only the last seven (7) years of information are presented as GASB 68 was implemented during the year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS PENSION AND ANNUITY FUND (TPAF)**  
**LAST SEVEN (7) FISCAL YEARS**

Year	District's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (Asset)			District's Covered-Employee Payroll	District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as Percentage of Total Pension Liability
		District	State	Total			
2020	0.4164682455 %	\$ None	\$ 255,590,493	\$ 255,590,493	\$ 50,604,322	None	26.95 %
2019	0.4019919043	None	255,738,615	255,738,615	48,577,455	None	26.48
2018	0.3930787268	None	265,027,851	265,027,851	44,349,490	None	25.41
2017	0.3912233955	None	307,761,232	307,761,232	43,025,213	None	22.33
2016	0.3879430279	None	245,196,560	245,196,560	41,484,946	None	28.71
2015	0.3821279042	None	204,234,928	204,234,928	20,398,347	None	33.64
2014	0.3812214603	None	192,716,870	192,716,870	39,628,951	None	33.76

Note: Only the last seven (7) years of information are presented as GASB 68 was implemented during the year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

**MONROE TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS**

**LAST THREE (3) FISCAL YEARS \***

<u>Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 7,405,544	\$ 8,081,497	\$ 9,749,155
Interest	<u>6,377,896</u>	<u>6,698,461</u>	<u>5,756,027</u>
Changes of benefit items	-	-	-
Differences between expected and actual experience	(20,845,936)	(13,795,777)	
Changes of assumptions or other inputs	2,241,234	(18,316,673)	(24,619,437)
Benefit payments	4,614,275	(4,268,061)	(4,193,931)
Contributions from members	<u>136,780</u>	<u>147,514</u>	<u>154,431</u>
Net changes in total OPEB liability	(70,207)	(21,453,039)	(13,153,755)
Total OPEB liability - beginning	<u>159,615,467</u>	<u>181,068,506</u>	<u>194,222,261</u>
Total OPEB liability - ending	<u>\$159,545,260</u>	<u>\$159,615,467</u>	<u>\$ 181,068,506</u>
Covered-employee payroll (PERS and TPAF)	<u>\$ 64,466,159</u>	<u>\$ 61,786,113</u>	<u>\$ 56,579,885</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>None</u>	<u>None</u>	<u>None</u>

Note: Only the last three (3) years of information are presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Changes of Assumptions - The discount rate utilized was 3.58% as of June 30, 2017 and 3.87% for June 30, 2018.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title III</u>	<u>Title IV</u>	<u>I.D.E.A. Part B</u>		<u>CARES Act</u>	<u>Total</u>
	<u>2019-2020 Regular</u>	<u>2019-2020 Part A</u>	<u>2019-2020 Regular</u>	<u>2019-2020 Immigrant</u>	<u>2019-2020 Regular</u>	<u>2019-2020 Regular Program</u>	<u>2019-2020 Preschool</u>		
<b>REVENUES:</b>									
State source									
Federal sources	\$ 116,909.77	\$ 72,712.00	\$ 13,404.00	\$ 6,848.00	\$ 10,000.00	\$ 1,154,362.00	\$ 47,569.00	\$ 71,577.00	\$ 1,493,381.77
<b>Total revenues</b>	<u>\$ 116,909.77</u>	<u>\$ 72,712.00</u>	<u>\$ 13,404.00</u>	<u>\$ 6,848.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,154,362.00</u>	<u>\$ 47,569.00</u>	<u>\$ 71,577.00</u>	<u>\$ 1,493,381.77</u>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries	\$ 57,894.47						\$ 47,569.00		\$ 105,463.47
Other purchased services						\$ 1,154,362.00			1,154,362.00
General Supplies	2,809.60		\$ 7,371.18	\$ 4,111.25				\$ 28,554.00	42,846.03
<b>Total instruction</b>	<u>60,704.07</u>		<u>7,371.18</u>	<u>\$ 4,111.25</u>		<u>1,154,362.00</u>	<u>47,569.00</u>	<u>28,554.00</u>	<u>1,302,671.50</u>
Support services:									
Salaries	\$ 6,048.72								\$ 6,048.72
Purchased professional and technical services	42,722.83	\$ 51,177.17			\$ 4,995.00			1,750.00	100,645.00
General Supplies	1,643.30	13,826.15	1,342.89	622.49	4,227.97			15,543.00	37,205.80
Other purchased services	5,790.85	7,708.68	4,689.93	2,114.26	777.03				21,080.75
Purchased Project								25,730.00	25,730.00
<b>Total support services</b>	<u>56,205.70</u>	<u>72,712.00</u>	<u>6,032.82</u>	<u>2,736.75</u>	<u>10,000.00</u>			<u>43,023.00</u>	<u>190,710.27</u>
<b>Total expenditures</b>	<u>\$ 116,909.77</u>	<u>\$ 72,712.00</u>	<u>\$ 13,404.00</u>	<u>\$ 6,848.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,154,362.00</u>	<u>\$ 47,569.00</u>	<u>\$ 71,577.00</u>	<u>\$ 1,493,381.77</u>



## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2020</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 49,257.61	\$ 81,500,822.05	\$ 81,493,321.27	\$ 56,758.39
Interfund Receivable - Unemployment Fund	<u>4,870.25</u>	<u>                    </u>	<u>4,870.25</u>	<u>                    </u>
Total Assets	<u>\$ 45,310.92</u>	<u>\$ 81,500,822.05</u>	<u>\$ 81,498,191.52</u>	<u>\$ 56,758.39</u>
<b><u>LIABILITIES</u></b>				
Payroll Deductions and Withholdings	\$ 6,897.34	\$ 38,280,379.63	\$ 38,287,276.97	\$
Interfund Payable - General	10,038.79	18,009.28	10,038.79	18,009.28
Unemployment Fund	37,191.73	38,749.11	37,191.73	38,749.11
Net Pay	<u>                    </u>	<u>43,165,711.12</u>	<u>43,165,711.12</u>	<u>                    </u>
Total Liabilities	<u>\$ 54,127.86</u>	<u>\$ 81,502,849.14</u>	<u>\$ 81,500,218.61</u>	<u>\$ 56,758.39</u>

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, <u>2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2020</u>
Elementary Schools:				
Applegarth	\$ 1,578.68	\$ 1,900.64	\$ 517.80	\$ 2,961.52
Barclay Brook	25,397.38	1,441.80	1,469.06	25,370.12
Woodland	14,431.67	4,094.84	8,460.36	10,066.15
Mill Lake	16,529.66	3,742.45	3,795.25	16,476.86
Oaktree	4,084.44	13,197.52	5,844.17	11,437.79
Brookside	<u>27,654.55</u>	<u>7,213.59</u>	<u>13,920.43</u>	<u>20,947.71</u>
Total Elementary Schools	<u>89,676.38</u>	<u>31,590.84</u>	<u>34,007.07</u>	<u>87,260.15</u>
Middle School	<u>15,697.85</u>	<u>83,680.08</u>	<u>79,465.33</u>	<u>19,912.60</u>
Total Middle School	<u>15,697.85</u>	<u>83,680.08</u>	<u>79,465.33</u>	<u>19,912.60</u>
Senior High School				
High School	245,021.87	323,098.15	303,167.60	264,952.42
School Store	8,715.21	20,647.87	25,363.37	3,999.71
School Store Tax Account		<u>15.83</u>	<u>15.83</u>	
Total Senior High School	<u>253,737.08</u>	<u>343,761.85</u>	<u>328,546.80</u>	<u>268,952.13</u>
Total All Schools	<u>\$ 359,111.31</u>	<u>\$ 459,032.77</u>	<u>\$ 442,019.20</u>	<u>\$ 376,124.88</u>

**NONCURRENT DEBT**

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
NONCURRENT (LONG-TERM) DEBT  
SCHEDULE OF SERIAL BONDS  
AS OF JUNE 30, 2020**

Issue	Date of Original Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Refunding School District Bonds, Series 2011 (2002)	3/15/2011	\$ 18,535,000.00				\$ 1,415,000.00		\$ 1,415,000.00	
Refunding School District Bonds, Series 2012 (2004)	4/25/2012	62,175,000.00	8/1/2020	\$ 4,675,000.00	4.00 %	52,735,000.00		38,415,000.00	\$ 14,320,000.00
			8/1/2021	4,720,000.00	4.00				
			8/1/2022	4,925,000.00	4.00				
Refunding School District Bonds, Series 2015	3/26/2015	62,600,000.00	3/1/2021	1,265,000.00	5.00 %	61,155,000.00		42,895,000.00	18,260,000.00
			3/1/2022	1,535,000.00	5.00				
			3/1/2023	1,940,000.00	5.00				
			3/1/2024	2,390,000.00	5.00				
			3/1/2025	2,695,000.00	5.00				
			3/1/2029	3,385,000.00	3.00				
			3/1/2035	5,050,000.00	3.50				
School District Refunding Bonds, Series 2020 (Federally Taxable)	3/4/2020	85,785,000.00	8/1/2020	1,290,000.00	1.631 %				
			8/1/2021	1,130,000.00	1.681				
			8/1/2022	1,150,000.00	1.731				
			8/1/2023	6,255,000.00	1.773				
			8/1/2024	6,375,000.00	1.846				
			8/1/2025	9,385,000.00	1.946				
			8/1/2026	9,610,000.00	2.071				
			8/1/2027	9,945,000.00	2.171				
			8/1/2028	6,420,000.00	2.249				
			8/1/2029	4,075,000.00	2.349				
			8/1/2030	4,390,000.00	2.399				
			8/1/2031	4,765,000.00	2.529				
			8/1/2032	4,885,000.00	2.629				
			8/1/2033	5,000,000.00	2.729				
			8/1/1934	-					
			8/1/2035	5,285,000.00	2.849				
			8/1/2036	2,875,000.00	2.899				
8/1/2037	2,950,000.00	2.949							
<b>Total</b>						<u>\$ 115,305,000.00</u>	<u>\$ 85,785,000.00</u>	<u>\$ 82,725,000.00</u>	<u>\$ 118,365,000.00</u>
						Budgeted	\$ 6,590,000.00		
						Refunded 2012	34,365,000.00		
						Refunded 2015	41,770,000.00		
							<u>\$ 82,725,000.00</u>		

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2020**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2019</u>	<u>Increased Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2020</u>
Various Equipment 14-15	3.760%	\$ 1,100,000.00	\$ 223,286.94		\$ 223,286.94	
Various Equipment 15-16	1.683%	666,000.00	269,753.12		134,311.45	\$ 135,441.67
Various Equipment 16-17	1.675%	487,824.28	336,030.78		132,733.16	203,297.62
Various Equipment 17-18	1.976%	1,175,704.00	940,563.20		235,140.80	705,422.40
Various Equipment 19-20	2.915%	2,443,000.00	2,441,470.49		488,058.87	1,953,411.62
Various Equipment 20-21	2.509%	<u>2,506,500.00</u>		<u>\$ 2,506,500.00</u>		<u>2,506,500.00</u>
		<u>\$ 8,379,028.28</u>	<u>\$ 4,211,104.53</u>	<u>\$ 2,506,500.00</u>	<u>\$ 1,213,531.22</u>	<u>\$ 5,504,073.31</u>

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 11,182,375.00	\$ 11,182,375.00	\$ 11,182,375.00	
State Sources:				
Debt Service Aid Type II	<u>425,697.00</u>	<u>425,697.00</u>	<u>425,697.00</u>	<u>          </u>
Total Revenues	<u>\$ 11,608,072.00</u>	<u>\$ 11,608,072.00</u>	<u>\$ 11,608,072.00</u>	<u>          </u>
EXPENDITURES:				
Regular Debt Service:				
Interest on Bonds	\$ 5,018,076.00	\$ 5,018,076.00	\$ 5,018,075.00	\$ 1.00
Redemption of Principal	<u>6,590,000.00</u>	<u>6,590,000.00</u>	<u>6,590,000.00</u>	<u>          </u>
Total Expenditures	<u>\$ 11,608,076.00</u>	<u>\$ 11,608,076.00</u>	<u>\$ 11,608,075.00</u>	<u>\$ 1.00</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (4.00)	\$ (4.00)	\$ (3.00)	\$ 1.00
Fund Balance, July 1	<u>4.48</u>	<u>4.48</u>	<u>4.48</u>	<u>          </u>
Fund Balance, June 30	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 1.48</u>	<u>\$ 1.00</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures:				
Budgeted Fund Balance	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 1.48</u>	<u>\$ 1.96</u>

**STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**



**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INTRODUCTION TO STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 &amp; J-15</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>J-16 to J-20</b>

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

## **FINANCIAL TRENDS**

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**NET POSITION BY COMPONENT**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 38,780,442	\$ 41,664,875	\$ 46,231,024	\$ 41,182,796	\$ 32,317,583	\$ 33,961,616	\$ 34,545,055	\$ 38,298,290	\$ 41,304,429	\$ 44,179,900
Restricted	7,910,720	7,865,714	6,052,847	5,364,491	1,262,848	975,000	977,500	980,500	746,802	749,302
Unrestricted					(24,600,329)	(23,409,134)	(25,686,643)	(29,968,015)	(32,392,661)	(33,387,897)
<b>Total governmental activities net assets</b>	<u>\$ 46,691,162</u>	<u>\$ 49,530,589</u>	<u>\$ 52,283,871</u>	<u>\$ 46,547,287</u>	<u>\$ 8,980,102</u>	<u>\$ 11,527,482</u>	<u>\$ 9,835,912</u>	<u>\$ 9,310,775</u>	<u>\$ 9,658,570</u>	<u>\$ 11,541,305</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 290,248	\$ 1,018,586	\$ 842,522	\$ 760,796	\$ 666,381	\$ 692,513	\$ 629,911	\$ 1,828,019	\$ 678,163	\$ 700,641
Unrestricted	497,005	601,889	409,419	610,224	707,121	1,347,071	1,513,618	575,421	1,528,889	882,635
<b>Total business-type activities net assets</b>	<u>\$ 787,253</u>	<u>\$ 1,620,474</u>	<u>\$ 1,251,941</u>	<u>\$ 1,371,020</u>	<u>\$ 1,373,502</u>	<u>\$ 2,039,584</u>	<u>\$ 2,143,529</u>	<u>\$ 2,403,440</u>	<u>\$ 2,207,052</u>	<u>\$ 1,583,276</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 39,070,690	\$ 42,683,461	\$ 47,073,546	\$ 41,943,592	\$ 32,983,964	\$ 34,654,129	\$ 35,174,966	\$ 40,126,309	\$ 41,982,591	\$ 44,880,541
Restricted	7,910,720	7,865,714	6,052,847	5,364,491	1,262,848	975,000	977,500	980,500	746,802	749,302
Unrestricted	497,005	601,889	409,419	610,224	(23,893,208)	(22,062,063)	(24,173,025)	(29,392,594)	(30,863,772)	(32,505,262)
<b>Total district net position</b>	<u>\$ 47,478,415</u>	<u>\$ 51,151,063</u>	<u>\$ 53,535,813</u>	<u>\$ 47,918,307</u>	<u>\$ 10,353,604</u>	<u>\$ 13,567,066</u>	<u>\$ 11,979,441</u>	<u>\$ 11,714,215</u>	<u>\$ 11,865,621</u>	<u>\$ 13,124,581</u>

Source: CAFR Exhibit A-1

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability for PERS.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	For Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 39,308,035	\$ 40,454,836	\$ 42,812,412	\$ 41,295,090	\$ 45,821,193	\$ 48,244,120	\$ 60,102,014	\$ 56,477,816	\$ 56,673,937	\$ 57,058,646
Special education	9,806,064	11,328,099	12,697,364	13,584,230	15,169,574	16,112,645	20,755,331	22,326,789	23,988,664	25,561,573
Other special education	1,236,749	1,246,004	1,139,482	1,197,279	1,571,559	1,567,064	1,689,184	1,769,518	1,621,779	1,521,283
Other instruction	1,881,200	1,954,794	1,972,702	2,182,506	2,398,383	2,521,686	3,000,781	2,964,855	3,112,572	3,168,266
<b>Support Services:</b>										
Tuition	2,889,683	1,965,338	2,038,153	2,182,438	2,284,829	2,469,164	2,385,180	2,564,253	2,454,529	2,160,257
Student & instruction related services	11,000,114	11,369,266	12,683,728	12,933,932	14,944,019	14,945,065	18,828,514	18,759,499	18,041,106	19,007,547
School Administrative services	4,682,320	4,205,258	4,407,946	5,879,698	4,805,921	6,107,530	7,221,080	7,243,435	6,930,241	7,021,075
General administration	3,066,617	4,295,646	4,765,789	5,357,956	5,475,315	5,230,103	6,283,720	5,762,837	6,549,102	6,359,106
Central Services	707,282	842,382	844,703	-	-	-	-	-	-	-
Plant operations and maintenance	8,816,455	9,985,268	11,004,767	12,437,512	13,316,975	14,071,657	15,956,702	15,799,174	16,257,522	15,939,228
Administrative information technology	656,660	730,230	805,513	-	-	-	-	-	-	-
Pupil transportation	7,679,903	8,396,899	8,086,442	10,315,515	11,531,756	12,873,146	15,992,424	14,850,146	10,986,975	9,811,706
Special Schools	109,737	83,099	87,420	91,874	80,717	85,369	95,096	51,853	-	-
Charter Schools	10,159	10,798	10,577	42,644	44,124	91,530	98,035	131,431	142,002	196,051
Interest on long-term debt	6,968,976	6,018,896	6,634,839	6,962,815	7,156,193	6,612,537	6,469,745	6,967,974	5,339,913	5,026,947
<b>Total governmental activities expenses</b>	<b>\$ 98,819,954</b>	<b>\$ 102,887,813</b>	<b>\$ 109,991,837</b>	<b>\$ 114,463,489</b>	<b>\$ 124,600,558</b>	<b>130,931,616</b>	<b>158,877,805</b>	<b>155,669,580</b>	<b>152,098,341</b>	<b>152,631,685</b>
<b>Business-type activities:</b>										
Food service	\$ 1,860,674	\$ 2,095,513	\$ 2,378,916	\$ 2,398,194	\$ 2,557,892	\$ 2,504,782	\$ 3,164,826	\$ 2,895,533	\$ 2,884,710	\$ 1,914,765
Child Care Initiative			316,581	316,940	415,013	291,517	291,670	296,774	290,630	345,199
Falcon Care						416,060	412,468	420,472	407,998	480,708
<b>Total business-type activities expense</b>	<b>\$ 1,860,674</b>	<b>\$ 2,095,513</b>	<b>\$ 2,695,496</b>	<b>\$ 2,715,134</b>	<b>\$ 2,972,905</b>	<b>\$ 3,212,359</b>	<b>\$ 3,868,964</b>	<b>\$ 3,612,779</b>	<b>\$ 3,583,338</b>	<b>\$ 2,740,672</b>
<b>Total district expenses</b>	<b>\$ 100,680,628</b>	<b>\$ 104,983,326</b>	<b>\$ 112,687,333</b>	<b>\$ 117,178,623</b>	<b>\$ 127,573,463</b>	<b>\$ 134,143,975</b>	<b>\$ 162,746,769</b>	<b>\$ 159,282,359</b>	<b>\$ 155,681,680</b>	<b>\$ 155,372,357</b>

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	For Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Pupil transportation	\$ 211,277	\$ 249,993	\$ 298,524	\$ 340,594	\$ 194,932	\$ 189,190	\$ 286,091	\$ 291,082	\$ 289,419	\$ 202,429
Operating grants and contributions	2,763,847	2,293,254	1,926,231	1,845,740	1,990,860	2,067,915	1,988,940	2,047,678	1,878,183	1,919,079
<b>Total governmental activities program revenues</b>	<b>2,975,124</b>	<b>2,543,247</b>	<b>2,224,755</b>	<b>2,186,334</b>	<b>2,185,792</b>	<b>2,257,105</b>	<b>2,275,031</b>	<b>2,338,760</b>	<b>2,167,602</b>	<b>2,121,508</b>
Business-type activities:										
Charges for services:										
Food service	\$ 1,521,277	\$ 1,756,731	\$ 1,821,472	\$ 1,954,294	\$ 2,027,559	\$ 2,103,508	\$ 2,114,632	\$ 2,126,015	\$ 2,141,730	\$ 1,472,084
Child Care Initiative			101,518	391,940	416,142	406,092	419,471	382,079	430,748	275,388
Falcon Care						828,202	883,178	813,753	856,634	536,116
Operating grants and contributions - food service	349,209	411,470	478,515	490,730	513,868	538,866	552,193	546,368	540,199	433,260
<b>Total business type activities program revenues</b>	<b>1,870,486</b>	<b>2,168,201</b>	<b>2,401,506</b>	<b>2,836,964</b>	<b>2,957,569</b>	<b>3,876,668</b>	<b>3,969,474</b>	<b>3,868,216</b>	<b>3,969,311</b>	<b>2,716,848</b>
<b>Total district program revenues</b>	<b>\$ 4,845,610</b>	<b>\$ 4,711,448</b>	<b>\$ 4,626,261</b>	<b>\$ 5,023,298</b>	<b>\$ 5,143,361</b>	<b>\$ 6,133,773</b>	<b>\$ 6,244,505</b>	<b>\$ 6,206,976</b>	<b>\$ 6,136,913</b>	<b>\$ 4,838,356</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (95,844,829)	\$ (100,344,566)	\$ (107,271,118)	\$ (112,277,154)	\$ (122,414,765)	\$ (128,674,511)	\$ (156,602,775)	\$ (153,330,820)	\$ (149,930,739)	\$ (150,710,177)
Business-type activities	9,812	72,688	(293,991)	121,831	(15,336)	664,309	100,510	255,436	105,738	
<b>Total district-wide net expense</b>	<b>\$ (95,835,017)</b>	<b>\$ (100,271,878)</b>	<b>\$ (107,565,109)</b>	<b>\$ (112,155,323)</b>	<b>\$ (122,430,101)</b>	<b>\$ (128,010,202)</b>	<b>\$ (156,502,265)</b>	<b>\$ (153,075,383)</b>	<b>\$ (149,825,001)</b>	<b>\$ (150,710,177)</b>
<b>General Revenues and Other Change in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 79,074,528	\$ 80,061,747	\$ 82,177,667	\$ 85,818,172	\$ 88,859,549	\$ 92,308,645	\$ 95,431,684	\$ 98,013,903	\$ 100,353,868	\$ 104,513,898
Taxes levied for debt service	8,125,967	9,643,475	7,572,846	5,875,093	7,139,140	9,863,973	10,212,065	10,267,265	10,970,185	11,182,375
Unrestricted grants and contributions	6,467,980	8,686,480	11,137,374	10,256,344	20,473,958	24,988,693	45,814,386	38,533,427	33,456,364	31,581,216
Restricted grants	1,786,926	-	-	11,200						
Tuition Received	3,264,403	3,300,719	3,754,670	4,070,009	3,815,697	3,878,175	3,969,933	4,113,054	4,199,973	4,210,042
Investment earnings	59,075	13,367	9,291	15,129	10,507	21,857	51,784	112,363	275,275	215,726
Miscellaneous income	559,909	759,111	438,887	603,384	526,878	389,185	898,417	1,765,671	310,228	289,655
Transfers	(116,714)	(504,704)	(746,570)	(108,761)	60,671	(228,638)			712,641	-
<b>Total governmental activities</b>	<b>\$ 99,222,074</b>	<b>\$ 101,960,194</b>	<b>\$ 104,344,165</b>	<b>\$ 106,540,571</b>	<b>\$ 120,886,400</b>	<b>\$ 131,221,890</b>	<b>\$ 156,378,269</b>	<b>\$ 152,805,683</b>	<b>\$ 150,278,534</b>	<b>\$ 151,992,912</b>

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	For Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
<b>(Continued)</b>										
Business-type activities:										
Investment earnings	\$ 3,529	\$ 533	\$ 4,307	\$ 267	\$ 718	\$ 1,774	\$ 3,435	\$ 4,475	\$ 17,638	\$ -
Transfers		760,000	(78,849)	(3,020)	17,100				(600,000)	(600,000)
Total business-type activities	<u>3,529</u>	<u>760,533</u>	<u>(74,542)</u>	<u>(2,753)</u>	<u>17,818</u>	<u>1,774</u>	<u>3,435</u>	<u>4,475</u>	<u>(582,362)</u>	<u>(600,000)</u>
Total district-wide	<u>\$ 99,225,603</u>	<u>\$ 102,720,727</u>	<u>\$ 104,269,623</u>	<u>\$ 106,537,818</u>	<u>\$ 120,904,218</u>	<u>\$ 131,223,664</u>	<u>\$ 156,381,704</u>	<u>\$ 152,810,158</u>	<u>\$ 149,696,172</u>	<u>\$ 151,392,912</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 3,377,245	\$ 1,615,629	\$ (2,926,953)	\$ (5,736,583)	\$ (1,528,365)	\$ 2,547,379	\$ (224,506)	\$ (525,137)	\$ 347,795	\$ 1,282,735
Business-type activities	13,341	833,221	(368,533)	119,078	2,482	666,083	103,945	259,911	(476,624)	(600,000)
Total district	<u>\$ 3,390,586</u>	<u>\$ 2,448,849</u>	<u>\$ (3,295,486)</u>	<u>\$ (5,617,505)</u>	<u>\$ (1,525,883)</u>	<u>\$ 3,213,462</u>	<u>\$ (120,561)</u>	<u>\$ (265,225)</u>	<u>\$ (128,829)</u>	<u>\$ 682,735</u>

Source: CAFR Exhibit A-2

Note 2015 includes pension expenses in accordance with GASB 68 related to pension liabilities (TPAF and PERS). Amounts from years prior to 2015 are not available.

**TOWNSHIP OF MONROE**  
**COUNTY OF MIDDLESEX**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Restricted	\$ 10,358,873	\$ 9,755,264	\$ 8,879,428	\$ 8,629,422	\$ 9,845,536	\$ 12,127,787	\$ 13,156,811	\$ 12,046,960	\$ 9,057,788	\$ 9,139,191
Assigned	51,380			25,403	141,499	30,481	94,352	125,704	170,471	120,667
Unassigned	<u>1,704,181</u>	<u>1,817,610</u>	<u>1,850,674</u>	<u>1,882,627</u>	<u>1,689,076</u>	<u>1,722,747</u>	<u>1,817,941</u>	<u>1,868,455</u>	<u>1,808,196</u>	<u>1,761,251</u>
Total general fund	<u>\$ 12,114,434</u>	<u>\$ 11,572,874</u>	<u>\$ 10,730,102</u>	<u>\$ 10,537,452</u>	<u>\$ 11,676,111</u>	<u>\$ 13,881,015</u>	<u>\$ 15,069,104</u>	<u>\$ 14,041,119</u>	<u>\$ 11,036,455</u>	<u>\$ 11,021,109</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital projects fund	\$ 16,771,455	\$ 8,916,018	\$ 8,554,269	\$ 2,790,427	\$ 273,087					
Debt service fund	<u>186,344</u>	<u>220,521</u>	<u>329,076</u>	<u>161,256</u>	<u>7,221</u>	\$ 256,728	\$ 255,427	\$ 9	\$ 4	\$ 1
Total all other governmental funds	<u>\$ 16,957,799</u>	<u>\$ 9,136,539</u>	<u>\$ 8,883,345</u>	<u>\$ 2,951,683</u>	<u>\$ 280,308</u>	<u>\$ 256,728</u>	<u>\$ 255,427</u>	<u>\$ 9</u>	<u>\$ 4</u>	<u>\$ 1</u>

Source: CAFR Schedule B-1

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1.M. in the basic financial statements). Prior years have not been restated above and are not required to be.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax levy	\$ 87,200,495	\$ 89,705,222	\$ 89,750,513	\$ 91,693,265	\$ 95,998,689	\$ 102,172,618	\$ 105,643,749	\$ 108,281,168	\$ 111,324,053	\$ 115,696,273
Tuition charges	3,264,403	3,300,719	3,754,670	4,070,009	3,815,697	3,878,175	3,969,933	4,113,054	4,199,973	4,210,042
Transportation charges	211,277	249,993	298,524	340,594	194,932	189,190	286,090	291,082	289,419	202,429
Interest earnings	35,734	8,801	5,175	9,219	4,464	2,160	51,783	115,363	275,775	218,226
Miscellaneous	571,552	765,303	438,827	609,295	532,922	412,365	956,454	585,993	310,318	289,655
State sources	7,132,835	9,174,943	11,751,973	10,895,462	12,213,339	13,756,126	15,159,212	17,659,678	21,856,438	23,300,422
Federal sources	2,098,992	1,803,166	1,310,632	1,217,822	1,359,084	1,457,829	1,440,848	1,471,015	1,507,304	1,551,669
<b>Total revenue</b>	<b>100,515,288</b>	<b>105,008,147</b>	<b>107,310,315</b>	<b>108,835,666</b>	<b>114,119,127</b>	<b>121,868,463</b>	<b>127,508,069</b>	<b>132,517,353</b>	<b>139,763,280</b>	<b>145,468,716</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	28,622,598	29,318,906	29,158,065	28,592,390	29,950,989	30,721,366	31,993,540	32,257,073	34,513,263	34,518,275
Special education instruction	7,061,676	8,087,176	8,629,252	9,310,546	9,732,304	10,034,699	10,874,805	12,628,839	13,698,022	14,527,392
Other special instruction	890,625	889,527	774,403	820,608	1,008,261	975,942	885,052	1,000,903	979,123	911,017
Other instruction	1,354,715	1,395,536	1,491,099	1,495,876	1,538,724	1,570,466	1,572,266	1,677,029	1,879,167	1,897,309
<b>Support Services:</b>										
Tuition	2,889,683	1,965,338	2,038,153	2,182,438	2,284,829	2,469,164	2,385,180	2,564,253	2,454,529	2,160,257
Student & inst. related services	8,149,641	8,351,871	8,619,985	8,949,537	9,587,595	9,307,549	9,865,245	10,611,051	10,800,678	11,382,630
General administration	2,717,712	3,002,151	2,995,683	4,029,908	3,104,418	3,278,952	3,305,971	3,259,669	3,953,918	3,884,641
School administrative services	3,371,896	3,668,059	3,812,945	3,672,309	3,512,783	3,803,672	3,783,502	4,097,148	4,184,024	4,204,556
Central services	707,282	842,382								
Admin. information technology	656,660	730,230								
Plant operations and maintenance	5,501,310	6,120,121	8,026,382	8,524,592	8,543,736	8,763,604	8,360,552	8,936,584	9,815,224	9,545,173
Pupil transportation	5,572,723	6,035,620	5,699,102	7,122,557	7,447,418	8,028,447	8,570,580	8,644,277	6,954,778	6,253,615
Employee benefits	22,875,554	24,091,815	27,261,510	27,094,314	26,983,473	27,732,154	32,076,424	35,464,127	41,263,209	43,728,988
Special Schools	79,025	59,325	59,411	62,969	51,785	53,166	49,826	29,330		
Charter Schools	10,159	10,798	10,577	42,644	44,124	91,530	98,035	131,431	142,002	196,051
Capital outlay	15,347,346	8,661,667	1,999,680	2,121,141	2,477,229	2,713,990	2,110,441	2,516,384	3,775,210	3,772,586
<b>Debt service:</b>										
Principal	3,318,921	3,651,589	4,145,591	3,770,927	4,160,000	4,795,000	5,065,000	5,630,000	6,120,000	6,590,000
Interest and other charges	7,130,119	6,654,946	5,984,416	6,462,507	6,317,112	5,772,641	5,766,812	5,528,363	5,277,213	5,018,075
<b>Total expenditures</b>	<b>116,257,644</b>	<b>113,537,056</b>	<b>110,706,253</b>	<b>114,255,263</b>	<b>116,744,780</b>	<b>120,112,342</b>	<b>126,763,231</b>	<b>134,976,459</b>	<b>145,810,360</b>	<b>148,590,565</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(15,742,357)</b>	<b>(8,528,909)</b>	<b>(3,395,938)</b>	<b>(5,419,597)</b>	<b>(2,625,653)</b>	<b>1,756,121</b>	<b>744,838</b>	<b>(2,459,106)</b>	<b>(6,047,080)</b>	<b>(3,121,849)</b>



**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Other Financing sources (uses)</b>										
Appropriation of Prior Year State Aid	\$ (231,076)		\$ (30)							
Capital leases (non-budgeted)	184,145	\$ 166,091	300,000	\$ 1,295,285	\$ 1,092,886	\$ 425,255	\$ 489,469	\$ 1,175,704	\$ 2,443,000	\$ 2,506,500
Proceeds from refunding	11,699									
Transfers In/(Out)									600,000	600,000
<b>Total other financing sources (uses)</b>	<b>(35,232)</b>	<b>166,091</b>	<b>299,970</b>	<b>1,295,285</b>	<b>1,092,886</b>	<b>425,255</b>	<b>489,469</b>	<b>1,175,704</b>	<b>3,043,000</b>	<b>3,106,500</b>
<b>Net change in fund balances</b>	<b>\$ (15,777,589)</b>	<b>\$ (8,362,818)</b>	<b>\$ (3,095,968)</b>	<b>\$ (4,124,312)</b>	<b>\$ (1,532,767)</b>	<b>\$ 2,181,376</b>	<b>\$ 1,234,307</b>	<b>\$ (1,283,402)</b>	<b>\$ (3,004,080)</b>	<b>\$ (15,349)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.35%</b>	<b>9.83%</b>	<b>9.32%</b>	<b>9.13%</b>	<b>9.17%</b>	<b>9.00%</b>	<b>8.69%</b>	<b>8.42%</b>	<b>8.02%</b>	<b>8.02%</b>

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2011	\$ 35,734	\$ 571,552	\$ 607,286
2012	8,801	763,677	772,478
2013	5,175	433,712	438,887
2014	9,219	603,384	612,603
2015	4,464	531,620	536,084
2016	21,460	389,185	410,645
2017	51,783	898,417	950,200
2018	112,363	585,993	698,356
2019	275,275	310,318	585,593
2020	215,726	289,655	505,381

Source: District records

**REVENUE CAPACITY**

**TOWNSHIP OF MONROE SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2011	107,668,500	3,009,765,100	33,155,200	3,491,300	285,093,200	204,423,900	37,972,300	3,681,569,500	136,280,700	5,533,590	3,823,383,790	6,957,329,654	2.399
2012	89,231,504	2,985,402,625	33,116,500	3,498,900	263,908,300	206,613,100	21,911,500	3,603,682,429	177,362,400	5,274,912	3,786,319,741	6,975,769,317	2.486
2013	89,714,800	3,020,005,205	34,127,200	3,461,400	245,767,236	192,150,800	21,911,500	3,607,138,141	181,458,000	4,970,634	3,793,566,775	6,989,065,251	2.511
2014	226,074,400	5,614,354,700	67,333,600	3,268,700	580,187,900	448,243,700	36,224,800	6,975,687,800	301,971,500	9,590,058	7,287,249,358	6,719,653,264	1.344
2015	261,081,900	5,765,927,000	67,016,700	2,934,800	548,020,200	447,836,200	36,224,800	7,129,041,600	304,849,900	9,095,172	7,442,986,672	7,373,011,854	1.389
2016	218,725,500	5,959,240,000	67,296,700	2,815,700	559,241,900	447,471,700	36,224,800	7,291,016,300	306,165,600	8,339,362	7,605,521,262	8,097,648,564	1.424
2017	197,654,600	6,162,460,000	68,177,600	2,993,100	549,722,800	441,727,700	36,224,800	7,458,960,600	314,637,100	8,160,744	7,781,758,444	8,647,586,697	1.433
2018	171,809,800	6,310,949,700	65,026,200	2,784,600	579,086,400	439,895,500	36,224,800	7,605,777,000	320,507,100	6,144,370	7,932,428,470	8,915,617,575	1.443
2019	164,554,500	6,457,545,800	66,104,900	2,661,900	587,795,300	440,832,200	36,224,800	7,755,719,400	321,346,300	6,089,819	8,083,155,519	9,309,723,058	1.453
2020	159,308,400	6,582,110,300	62,609,200	2,540,300	567,651,600	437,221,900	50,799,300	7,862,241,000	324,060,800	6,025,563	8,192,327,363	9,633,733,447	1.489

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests the Municipality to do so.

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

b Tax rates are per \$100 of assessed valuation

c Revaluation effective for 2014

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Township of Monroe School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate <sup>c</sup>	Municipality of Monroe	County of Middlesex	
2011	2.141	0.258	2.399	0.697	0.600	3.696
2012	2.275	0.211	2.486	0.933	0.672	4.091
2013	2.350	0.161	2.511	0.919	0.695	4.125
2014	1.244	0.100	1.344	0.505	0.371	2.220
2015	1.255	0.134	1.389	0.506	0.410	2.305
2016	1.286	0.138	1.424	0.508	0.433	2.365
2017	1.298	0.135	1.433	0.509	0.458	2.400
2018	1.302	0.141	1.443	0.528	0.465	2.436
2019	0.135	1.318	1.453	1.027	0.465	2.945
2020	0.129	1.360	1.489	0.548	0.476	2.513

Source: Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Tax rates are per \$100 of assessed valuation.
- d** Revaluation effective for 2014

**TOWNSHIP OF MONROE SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN (10) YEARS AGO  
(UNAUDITED)**

	2020				2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Costco Wholesale Corporation	\$ 115,042,900	1	1.46%	Costco Wholesale Corporation	\$48,863,500	1	1.33%
Centerpoint Barnes LLC	82,871,200	2	1.05%	Noble House of NJIV	39,394,400	2	1.07%
Noble House of NJ	55,990,300	3	0.71%	Utah St. Retirement	37,811,400	3	1.03%
Presbyterian Homes at Monroe	37,042,500	4	0.47%	Mutuals 1,2,3 of New Jersey	29,159,300	4	0.79%
EJC 24 Engelhard LLC	27,500,000	5	0.31%	Presbyterian Homes at Monroe	25,568,800	5	0.69%
Concordia Mzi LLC	23,987,200	6	0.25%	Toll NJ II, L.P.	24,958,800	6	0.68%
Prologis	20,000,000	7	0.25%	Monroe Mannor, Inc.	17,592,300	7	0.48%
Matrix 26 South Middlesex LLC	18,167,800	8	0.23%	EJC 24 Engelhard, LLC	16,966,900	8	0.46%
Monroe Hotel Investment LLC	16,908,600	9	0.22%	CP Commercial Properties	15,007,500	9	0.41%
Buckhead 26 Engelhard LLC	15,417,800	10	0.20%	Concordia Holding LLC	12,128,400	10	0.33%
Total	<u>\$ 412,928,300</u>		<u>5.25%</u>		<u>\$ 267,451,300</u>		<u>7.26%</u>
Total Assessed Value	<u>\$ 7,862,241,000</u>			Total Assessed Value	<u>\$ 3,681,569,500</u>		

Source: Municipal Tax Assessor  
Revaluation effective in 2014

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHOOL TAX LEVIES AND COLLECTIONS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 87,200,495	\$ 87,200,495	100.00%	-
2012	89,705,222	89,705,222	100.00%	-
2013	89,750,513	89,750,513	100.00%	-
2014	91,693,265	91,693,265	100.00%	-
2015	95,998,689	95,998,689	100.00%	-
2016	102,172,618	102,172,618	100.00%	-
2017	105,643,749	105,643,749	100.00%	-
2018	108,281,168	108,281,168	100.00%	-
2019	111,324,053	111,324,053	100.00%	-
2020	115,696,273	115,696,273	100.00%	-

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

<sup>a</sup> 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.

## DEBT CAPACITY



**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	<u>Total District</u>	Percentage of Personal Income <sup>a</sup>	<u>Per Capita <sup>a</sup></u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Capital Leases</u>			
2011	\$ 155,992,106	\$ 1,826,021	-	\$ 157,818,127	8.51%	4,301
2012	151,666,517	1,087,333	-	152,753,850	8.23%	3,903
2013	147,520,927	819,345	-	148,340,272	8.98%	3,770
2014	143,750,000	1,777,221	-	145,527,221	8.91%	3,761
2015	136,915,000	2,406,646	-	139,321,646	8.45%	3,560
2016	132,120,000	2,485,353	-	134,605,353	8.20%	3,440
2017	127,055,000	3,699,334	-	130,754,334	7.96%	3,116
2018	121,425,000	2,754,002	-	124,179,002	7.56%	3,173
2019	115,305,000	4,211,104	-	119,516,104	7.27%	3,054
2020	118,365,000	5,504,073	-	123,869,073	7.51%	2,952

**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.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value <sup>a</sup> of Property</u>	<u>Per Capita <sup>b</sup></u>
2011	\$ 155,992,106	-	\$ 155,992,106	4.07%	4,301
2012	151,666,517	-	151,666,517	4.00%	3,875
2013	147,520,927	-	147,520,927	3.88%	3,770
2014	143,750,000	-	143,750,000	1.97%	3,673
2015	136,915,000	-	136,915,000	1.84%	3,498
2016	132,120,000	-	132,120,000	1.86%	3,376
2017	127,055,000	-	127,055,000	1.63%	3,246
2018	121,425,000	-	121,425,000	1.53%	3,103
2019	115,305,000	-	115,305,000	1.43%	2,947
2020	118,365,006	-	118,365,006	1.41%	2,821

**Notes:**

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

a See Exhibit J-6 for property tax data.

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

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Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2020**  
**(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Monroe, Net	\$ 60,998,271	100.000%	\$ 60,998,271
County of Middlesex, Net	462,440,418	8.2671%	<u>38,230,412</u>
Subtotal, overlapping debt			\$ 99,228,683
<b>Township of Monroe District Direct Debt -</b>			
Bonds Issued and Outstanding	\$ 118,365,000		
Bonds and Notes Authorized but not Issued	<u>None</u>		<u>\$ 118,365,000</u>
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 217,593,683</u></u></b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Middlesex 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 Monroe Township. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

**Legal Debt Margin Calculation for Fiscal Year 2020**

	Equalized valuation basis
	2019 \$ 9,713,369,500
	2018 9,116,357,425
	2017 <u>8,730,056,882</u>
	<u>\$ 27,559,783,807</u>
Average equalized valuation of taxable property	9,186,594,602
Debt limit (4 % of average equalization value)	367,463,784 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>118,365,000</u>
Legal debt margin	<u>\$ 249,098,784</u>

	Fiscal Year									
	<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>	<u>2020</u>
Debt limit	\$305,591,336	\$ 293,516,283	\$ 277,745,152	\$272,213,213	\$ 273,179,880	\$ 290,175,163	\$ 313,859,404	\$ 334,272,989	\$ 235,149,853	\$ 367,463,784
Total net debt applicable to limit	<u>158,964,844</u>	<u>154,639,255</u>	<u>147,520,927</u>	<u>143,750,000</u>	<u>136,915,000</u>	<u>132,120,000</u>	<u>127,055,000</u>	<u>121,425,000</u>	<u>115,305,000</u>	<u>118,365,000</u>
Legal debt margin	<u>\$ 146,626,492</u>	<u>\$ 138,877,028</u>	<u>\$ 130,224,225</u>	<u>\$ 128,463,213</u>	<u>\$ 136,264,880</u>	<u>\$ 158,055,163</u>	<u>\$ 186,804,404</u>	<u>\$ 212,847,989</u>	<u>\$ 119,844,853</u>	<u>\$ 249,098,784</u>
Total net debt applicable to the limit as a percentage of debt limit	52.02%	52.69%	53.11%	52.81%	50.12%	45.53%	40.48%	36.33%	49.03%	32.21%

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

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2011	39,132	1,641,939,588	41,959	11.10%
2012	39,132	1,641,939,588	41,959	9.80%
2013	39,132	1,641,939,588	41,959	10.20%
2014	39,132	1,641,939,588	41,959	8.70%
2015	39,132	1,641,939,588	41,959	6.50%
2016	39,132	1,641,939,588	41,959	4.60%
2017	39,132	1,641,939,588	41,959	4.20%
2018	39,132	1,641,939,588	41,959	4.50%
2019	39,132	1,641,939,588	41,959	4.10%
2020	39,132	1,641,939,588	41,959	3.30%

**Source:**

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

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

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2010 Census for 2011 to 2020 by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development Annual Average Prior December 31.



## **OPERATING INFORMATION**



**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>Function/Program</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>	<u>2020</u>
Instruction										
Regular	462	460	462	462	461	463	470	476	496	520
Special education	170	174	176	174	175	175	176	178	180	182
Other special education	2	2	2	2	2	2	2	2	2	2
Support Services:										
Student & instruction related services	54	58	58	58	61	62	64	66	69	71
General administration	1	1	1	1	1	1	1	1	1	1
School administrative services	16	16	16	15	16	16	16	17	18	19
Other administrative services	37	37	37	35	35	36	36	37	40	39
Central services	9	10	10	10	11	12	12	12	12	12
Administrative Information Technology	13	14	14	14	12	14	14	14	14	14
Plant operations and maintenance	74	69	70	70	70	71	72	72	74	75
Pupil transportation	57	52	52	54	52	54	55	59	65	69
Total	<u>895</u>	<u>893</u>	<u>898</u>	<u>895</u>	<u>896</u>	<u>906</u>	<u>918</u>	<u>934</u>	<u>971</u>	<u>1,004</u>

Source: District Personnel Records

**TOWNSHIP OF MONROE SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 OPERATING STATISTICS  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Attendance			
						Elementary	Middle School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	5,685	90,461,721	15,912	0.59%	555.00	1:23	1:28	1:26	5661.0	5,389	5.20%	95.20%
2012	5,893	94,568,854	16,048	0.85%	555.00	1:23	1:28	1:26	5867.0	5,606	3.64%	95.55%
2013	6,079	98,576,566	16,216	1.05%	574.00	1:23	1:28	1:26	6032.0	5,760	2.81%	95.49%
2014	6,143	101,900,688	16,588	2.30%	562.00	1:23	1:30	1:26	6137.0	5,876	1.74%	95.75%
2015	6,310	103,790,440	16,449	-0.84%	579.00	1:23	1:30	1:26	6334.0	6,040	3.21%	95.36%
2016	6,492	106,830,711	16,456	0.04%	592.00	1:24	1:30	1:27	6492.0	6,267	2.49%	96.53%
2017	6,649	113,820,978	17,119	4.03%	602.00	1:24	1:30	1:27	6740.0	6,492	3.82%	96.32%
2018	6,785	123,818,096	18,249	6.60%	632.00	1:24	1:30	1:27	6786.0	6,530	0.68%	96.23%
2019	6,807	130,637,938	19,192	5.17%	644.00	1:24	1:31	1:27	6809.0	6,567	0.34%	96.45%
2020	6,885	133,209,904	19,348	0.81%	676.00	1:24	1:31	1:27	6924.0	6,759	1.69%	97.62%

Sources: District records

Note: Enrollment based on annual October district count as related in the Application for State School Aid (ASSA).

- 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 calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.
- e Enrollment date from ASSA.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>District Building</b>										
<b>Elementary</b>										
<b>Applegarth</b>										
Square Feet			63,251	57,831	57,831	57,831	57,831	57,831	57,831	57,831
Capacity (students)			681.24	340	340	340	340	340	340	340
Enrollment			286	349	360	321	369	410	410	442
<b>Barclay Brook</b>										
Square Feet	59,237	59,237	59,237	59,237	59,237	59,237	59,237	59,237	59,237	59,237
Capacity (students)	466.41	466.41	466.41	466.41	466.41	466.41	466.41	466.41	466.41	466.41
Enrollment	480	436	424	397	370	364 *	359 *	333 *	320 *	308 *
<b>Brookside</b>										
Square Feet	73,802	73,802	59,406	59,406	59,406	59,406	59,406	59,406	59,406	59,406
Capacity (students)	862.45	862.45	456.00	456.00	456.00	456.00	456.00	456.00	456.00	456.00
Enrollment	680	528	540	478	465	423	425	411	401	419
<b>Woodland</b>										
Square Feet	55,368	55,368	55,368	55,368	55,368	55,368	55,368	55,368	55,368	55,368
Capacity (students)	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
Enrollment	512	520	521	496	455	402	415	412	350	307
<b>Mill Lake</b>										
Square Feet	73,075	73,075	73,075	73,075	73,075	73,075	73,075	73,075	73,075	73,075
Capacity (students)	554.20	554.20	554.20	554.20	554.20	554.20	554.20	554.00	554.00	554.00
Enrollment	658	431	421	387	387	642 *	600 *	571 *	546 *	524 *
<b>Oak Tree</b>										
Square Feet	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750
Capacity (students)	599.00	599.00	599.00	599.00	599.00	599.00	599.00	599.00	599.00	599.00
Enrollment	823	808	583	619	704	623 *	690 *	693 *	713 *	742 *
<b>Middle School</b>										
Square Feet	62,351	199,068	199,068	199,068	199,068	199,068	199,068	199,068	199,068	199,068
Capacity (students)	681.24	1260.00	1260.00	1260.00	1260.00	1425.00 **	1425.00 **	1425.00 **	1425.00 **	1425.00 **
Enrollment	861	1,386	1,382	1,455	1,527	1,628	1,719	1,659	1,709	1,781
<b>High School</b>										
<b>Monroe High School</b>										
Square Feet	199,068	382,699	382,699	382,699	382,699	382,699	382,699	382,699	382,699	382,699
Capacity (students)	1337.90	1800.00	1800.00	1800.00	1800.00	1800.00	1800.00	1800.00	1800.00	1800.00
Enrollment	1,647	1,758	1,875	1,956	2,067	2,089	2,162	2,297	2,328	2,401

Number of Buildings at June 30, 2020  
 Elementary Schools = 6  
 Middle School = 1  
 High School = 1

Source: District Facilities Office

Note: Enrollment is based on the average daily enrollment (ADE).

\* The District implemented a redistricting of the elementary attendance zones in September of 2015 to more efficiently balance enrollment.

\*\* The middle school had renovations for September of 2015 creating 11 new instructional classrooms out of support spaces.

**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED MAINTENANCE**  
**FOR SCHOOL FACILITIES**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx

\* School Facilities

	Project # (s)	<u>Barclay Brook</u>	<u>Brookside</u>	<u>Woodland</u>	<u>Mill Lake</u>	<u>Applegarth</u>	<u>Monroe M.S.</u>	<u>Oak Tree</u>	<u>MTHS</u>	<u>Total</u>
2011	N/A	324,209	107,664	148,375	103,955	135,677	413,838	163,123	-	1,396,841
2012	N/A	307,058	79,263	111,777	83,144	130,369	275,560	133,636	\$ 550,837	1,671,644
2013	N/A	102,313	127,470	95,631	126,214	107,692	343,827	141,197	660,991	1,705,335
2014	N/A	90,882	112,480	84,946	112,113	95,660	305,413	125,422	587,142	1,514,058
2015	N/A	94,297	117,482	88,138	116,325	99,254	316,887	130,134	609,198	1,571,715
2016	N/A	91,390	113,860	85,421	112,739	96,194	307,119	126,122	590,421	1,523,266
2017	N/A	79,955	99,614	74,733	98,632	84,158	268,690	110,341	516,545	1,332,668
2018	N/A	87,146	108,574	81,454	107,504	91,727	292,858	120,266	563,007	1,452,536
2019	N/A	84,694	105,519	79,162	104,479	89,146	284,617	116,882	547,162	1,411,661
2020	N/A	87,421	108,916	81,712	107,843	92,017	293,783	120,646	564,784	1,457,122
Total School Facilities		<u>\$ 1,349,365</u>	<u>\$ 1,080,842</u>	<u>\$ 931,349</u>	<u>\$ 1,072,948</u>	<u>\$ 1,021,894</u>	<u>\$ 3,102,592</u>	<u>\$ 1,287,769</u>	<u>\$ 5,190,087</u>	<u>\$ 15,036,846</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: District records

**BOARD OF EDUCATION**  
**MONROE TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2020**  
**UNAUDITED**

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
<b>MULTI PERIL PACKAGE POLICY</b>		
Property		
Blanket Building and Contents	\$ 249,569,878	\$ 10,000
Equipment Breakdown (boiler & machinery)	100,000,000	10,000
Valuable Papers & Records	10,000,000	10,000
Extra Expense	50,000,000	10,000
Liability		
Each Occurrence	31,000,000	
Aggregate	31,000,000	
Fire Damage Legal Liability	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability		
Each Occurrence/Aggregate	1,000,000	1,000
Cyber Liability (Privacy/Network/Internet)	1,000,000	<i>multiple deductibles</i>
Sexual Abuse	17,000,000	
Crime		
Employee Dishonesty/Faithful Performance	500,000	500
Forgery & Alteration	500,000	500
Computer Fraud	500,000	500
Money & Securities	100,000	500
Money Orders/Counterfeit Paper Currency	100,000	500
Inland Marine - Misc. Articles Floater		
Cameras	50,000	1,000
Musical Instruments	500,000	1,000
Mobile Equipment	500,000	1,000
EDP - Hardware/Software/Extra Expense	2,802,000	1,000
<b>BUSINESS AUTOMOBILE POLICY</b>		
Each Accident (Bodily Injury & Property Damage)	31,000,000	
Medical Payments	10,000	
Uninsured/Underinsured Motorists Liability	31,000,000	
Garagekeepers Liability	Included	
Physical Damage Coverage		
Comprehensive	Actual Cash Value	1,000
Collision	Actual Cash Value	1,000

**BOARD OF EDUCATION**  
**MONROE TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2020**  
**UNAUDITED**

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
<b>WORKERS COMPENSATION POLICY</b>		
Section A - Statutory	New Jersey	
Section B - Employers Liability		
Bodily Injury by Accident - Each Accident	\$ 2,000,000	
Bodily Injury by disease - Each Employee	2,000,000	
Bodily Injury by Disease - Policy Limit	2,000,000	
<b>SUPPLEMENTARY WORKERS COMPENSATION POLICY</b>		
Limit of Liability - Up to 52 weeks with maximum of \$1,750 per week		7 Days
<b>SCHOOL BOARD LEGAL LIABILITY POLICY</b>		
Coverage A - Each Policy Period	31,000,000	\$ 10,000
Coverage B - Limit of Liability - Each claim	100,000	
Coverage B - Limit of Liability - Aggregate	300,000	10,000
<b>STUDENT ACCIDENT POLICY</b>		
Limit	5,000,000	Full excess
<b>BONDS</b>		
Treasurer of School Monies	1,000,000	
Board Secretary/School Business Administrator	750,000	
Accounting Supervisor	750,000	
Bookkeeping Coordinator	750,000	
<b>STORAGE TANK LIABILITY POLICY</b>		
Limit of Liability	1,000,000 per tank	50,000
Aggregate - for all storage tanks	2,000,000 all tanks agg	
Aggregate - for all legal defense expenses	2,000,000	
Total Policy Aggregate	4,000,000	
<b>ENVIRONMENTAL LIABILITY</b>	1,000,000	100,000

**SINGLE AUDIT SECTION**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1  
Sheet 1 of 2

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members  
of the Board of Education  
Township of Monroe Board of Education  
County of Middlesex, 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Monroe Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Township of Monroe Board of Education's basic financial statements, and have issued our report thereon dated January 20, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Monroe Township School 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 Monroe Township School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



**INDEPENDENT AUDITOR'S 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 (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Township of Monroe School 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 basic 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
January 21, 2021

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36 WEST MAIN STREET, SUITE 303  
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Exhibit K-2  
Sheet 1 of 3

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08**

The Honorable President and Members  
of the Board of Education  
Township of Monroe Board of Education  
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Monroe Board of Education'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); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Township of Monroe Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

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

Opinion on Each Major Federal and State Program

In our opinion, the Township of Monroe Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Township of Monroe Board of Education 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 Township of Monroe Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, 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 Township of Monroe Board of Education'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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

Purpose of Report

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 Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

January 21, 2021  
Freehold, New Jersey

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE, COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2019			Balance, June 30, 2020		
				From	To	Accounts Receivable Balance at	Deferred Deferred Revenue	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue
U.S. Department of Education:											
General fund											
Medical Assistance Program	93.778	1905NJ5MAP	\$ 58,287.70	7/1/2019	6/30/2020			\$ 58,287.70	\$ (58,287.70)		
Total General Fund								\$ 58,287.70	\$ (58,287.70)		
U.S. Department of Education											
Passed - Through State Department of Education:											
Special Revenue Fund:											
Title I Part A	84.010	S010A180030	\$ 149,757.00	7/1/2018	6/30/2019	\$ (21,476.00)		\$ 21,476.00	\$		
Title I Part A	84.010	S010A180030	140,110.00	7/1/2019	6/30/2020			95,686.00	(116,909.77)	(21,223.77)	
Title II, Part A	84.367	S367A180029	79,015.00	7/1/2018	6/30/2019	(2,807.00)		2,807.00			
Title II, Part A	84.367	S367A180029	72,712.00	7/1/2019	6/30/2020			65,835.00	(72,712.00)	(6,877.00)	
Title III	84.365	S365A180030	12,063.00	7/1/2018	6/30/2019	(1,629.00)		1,629.00			
Title III	84.365	S365A180030	13,404.00	7/1/2019	6/30/2020			11,659.00	(13,404.00)	(1,745.00)	
Title III, Immigrant	84.365	S365A180030	6,850.00	7/1/2018	6/30/2019			6,850.00	(6,850.00)		
Title IV	84.424	S358B180030	10,000.00	7/1/2018	6/30/2019	(2,741.00)		2,741.00			
Title IV	84.424	S358B180030	10,000.00	7/1/2019	6/30/2020			10,000.00	(10,000.00)		
Impact Aid	84.938C	S938C18005	8,500.00	7/1/2017	6/30/2018	\$ (8,500.00)		8,500.00			
Cares Act	84.938C	S938C18005	112,607.00	7/1/2019	6/30/2020				(71,577.00)	(71,577.00)	
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	1,154,362.00	7/1/2019	6/30/2020			1,154,362.00	(1,154,362.00)		
I.D.E.A. Part B, Preschool	84.173	H173A180114	47,569.00	7/1/2019	6/30/2020			47,569.00	(47,569.00)		
Total Special Revenue Fund						\$ (37,153.00)		\$ 1,429,114.00	\$ (1,493,383.77)	\$ (101,422.77)	
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Enterprise Fund:											
Food Distribution Program	10.555	201NJ304N1099	\$ 129,002.16	7/1/2019	6/30/2020			\$ 129,002.16	\$ (104,468.40)	\$ 24,533.76	
Food Distribution Program	10.555	191NJ304N1099	166,117.64	7/1/2018	6/30/2019		\$ 5,140.68		(5,140.68)		
National School Lunch Program	10.555	201NJ304N1099	232,342.81	7/1/2019	6/30/2020			227,943.91	(232,342.81)	\$ (4,398.90)	
National School Lunch Program	10.555	191NJ304N1099	316,390.74	7/1/2018	6/30/2019	\$ (23,260.45)		23,260.45			
Healthy Hunger Free Kids Act - PB Lunch	10.555	201NJ304N1099	23,830.80	7/1/2019	6/30/2020			23,740.50	(23,830.80)	(90.30)	
Healthy Hunger Free Kids Act - PB Lunch	10.555	191NJ304N1099	30,963.24	7/1/2018	6/30/2019	(2,268.90)		2,268.90			
Special Milk Program	10.556	201NJ304N1099	891.75	7/1/2019	6/30/2020			891.75	(891.75)		
Special Milk Program	10.556	191NJ304N1099	649.16	7/1/2018	6/30/2019	(45.15)		45.15			
Total Enterprise Fund						\$ (25,574.50)	\$ 5,140.68	\$ 407,152.82	\$ (366,674.44)	\$ (4,489.20)	\$ 24,533.76
Total Federal Financial Assistance						\$ (62,727.50)	\$ 5,140.68	\$ 1,894,554.52	\$ (1,918,345.91)	\$ (105,911.97)	\$ 24,533.76

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE, COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2019		Cash Received	Budgetary (Expenditures)	Balance, June 30, 2020		MEMO		
				(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education: General Fund:												
Categorical Special Ed Aid	20-495-034-5120-089	\$ 3,058,774.00	7/1/2019 - 6/30/2020			\$ 3,058,774.00	\$ (3,058,774.00)			\$ (293,165.00)	\$ (3,058,774.00)	
Categorical Transportation Aid	20-495-034-5120-014	2,753,019.00	7/1/2019 - 6/30/2020			2,753,019.00	(2,753,019.00)			(263,861.00)	(2,753,019.00)	
Categorical Security Aid	20-495-034-5120-084	103,764.00	7/1/2019 - 6/30/2020			103,764.00	(103,764.00)			(9,945.00)	(103,764.00)	
Extraordinary Special												
Education Aid	19-495-034-5120-473	506,067.00	7/1/2018 - 6/30/2019	\$ (504,627.00)		504,627.00						
Education Aid	20-495-034-5120-473	467,331.00	7/1/2019 - 6/30/2020				(467,331.00)	\$ (467,331.00)			(467,331.00)	
Non Public Transportation	19-495-034-5120-014	84,680.00	7/1/2018 - 6/30/2019	(84,680.00)		84,680.00						
Reimbursed TPAF Social												
Security Contributions	20-495-034-5094-003	3,763,040.21	7/1/2019 - 6/30/2020			3,577,871.36	(3,763,040.21)	(185,168.85)			(3,763,040.21)	
Reimbursed TPAF Social												
Security Contributions	19-495-034-5094-003	3,580,834.90	7/1/2019 - 6/30/2020	(176,464.67)		176,464.67						
On-Behalf Teachers' Pension												
and Annuity Fund	20-495-034-5094-002	9,336,542.00	7/1/2019 - 6/30/2020			9,336,542.00	(9,336,542.00)				(9,336,542.00)	
On Behalf - TPAF												
- Post Retirement Medical	20-495-034-5094-001	3,463,686.00	7/1/2019 - 6/30/2020			3,463,686.00	(3,463,686.00)				(3,463,686.00)	
On Behalf - TPAF												
- Non-contributory Insurance	20-495-034-5094-004	8,255.00	7/1/2019 - 6/30/2020			8,255.00	(8,255.00)				(8,255.00)	
Total General Fund						\$ (765,771.67)		\$ 23,067,683.03	\$ (22,954,411.21)	\$ (652,499.85)	\$ (566,971.00)	\$ (22,954,411.21)
Debt Service Fund:												
Debt Service Aid Type II	20-495-034-5120-075	\$ 425,697.00	7/1/2019 - 6/30/2020			\$ 425,697.00	\$ (425,697.00)				\$ (425,697.00)	
Total Debt Service Fund						\$ 425,697.00	\$ (425,697.00)				\$ (425,697.00)	

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION  
TOWNSHIP OF MONROE, COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2019		Cash Received	Budgetary (Expenditures)	Balance, June 30, 2020		MEMO	
				(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Agriculture Enterprise Fund:											
National School Lunch Program (State Share)	20-100-010-3350-023	\$ 26,071.94	7/1/2019 - 6/30/2020			\$ 17,155.60	\$ (23,247.25)	\$ (6,091.65)		\$	(23,247.25)
National School Lunch Program (State Share)	19-100-010-3350-023	\$ 26,777.89	7/1/2018 - 6/30/2019	\$ (1,908.63)		1,908.63					
Total Enterprise Fund				\$ (1,908.63)		\$ 19,064.23	\$ (23,247.25)	\$ (6,091.65)			\$ (23,247.25)
Total State Financial Assistance				\$ (767,680.30)		\$ 23,512,444.26	\$ (23,403,355.46)	\$ (658,591.50)		\$ (566,971.00)	\$ (23,403,355.46)
Less On-behalf TPAF:											
Pension	20-495-034-5094-002						\$ 3,463,686.00				
Post-Retirement Medical	20-495-034-5094-001						9,336,542.00				
Non Contributory Insurance	20-495-034-5094-004						8,255.00				
Total for State Assistance Major Program							\$ (10,594,872.46)				

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Monroe School District. The information in this Schedule is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and *New Jersey State Aid/Grant Compliance Supplement* (NJOMB 15-08). The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and *New Jersey State Aid/Grant Compliance Supplement* (NJOMB 15-08). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-4.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) of twenty (20) 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A.18A:22-4.2.



**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis was a decrease of \$79,686.00 for the general fund and none for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) 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 revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 58,287.70	22,874,725.21	\$ 22,933,012.91
Special Revenue Fund	1,493,381.77		1,493,381.77
Debt Service Fund		425,697.00	425,697.00
Food Service Fund	<u>386,067.82</u>	<u>23,247.25</u>	<u>409,315.07</u>
Total Awards and Assistance	<u>\$ 1,937,737.29</u>	<u>\$ 23,323,669.46</u>	<u>\$ 25,261,406.75</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans outstanding.

**6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

**7. INDIRECT COSTS**

The District did not use the 10% di minimus indirect cost rate.

**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified, dated  
January 21, 2021

Internal control over financial reporting:

- 1. Material weakness(es) identified?        yes   x   no
- 2. Significant deficiency(ies) identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to basic financial statements noted?        yes   x   no

**Federal Awards**

Internal control over major programs:

- 1. Material weakness(es) identified?        yes   x   no
- 2. Significant deficiency(ies) identified that are not considered to be material weaknesses?        yes   x   none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated  
January 21, 2021

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?        yes   x   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA, Part B, Basic Regular</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee?   x   yes        no



**BOARD OF EDUCATION**  
**TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**FOR THE YEAR ENDED JUNE 30, 2019:**

There were no findings for the year ended June 30, 2019.