

**SCHOOL DISTRICT  
OF  
THE TOWNSHIP OF MONTAGUE**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Montague School District  
Board of Education**

**Montague, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Township of Montague School District  
Board of Education**

**Finance Department**

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## **INTRODUCTORY SECTION**

# MONTAGUE TOWNSHIP SCHOOL DISTRICT

475 Route 206 Montague, NJ 07827

V: 973 293 7131 / F: 973 293 3391

[www.montagueschool.org](http://www.montagueschool.org)



**Timothy C. Capone**  
*Chief School Administrator*

**Erkan Gumustekin**  
*Business Administrator*

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December 14, 2020

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

Dear Board Members:

The comprehensive annual financial report of the Montague Township School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate for students beginning at Pre-K age 3 through 12<sup>th</sup> grade. High School students attend Port Jervis High School, BOCES Technical, High Point Regional High School, Sussex County Technical School and Kittatiny Regional High School.

2) MAJOR INITIATIVES: Montague Township School District expanded student opportunities during the 2019-2020 school year by providing free full day Preschool to all Montague resident students. The 2019-2020 school year saw the establishment of an Agriculture program from 5<sup>th</sup> to 8th grade.

3) ECONOMIC CONDITION AND OUTLOOK: During the 2019-2020 school year the district faced state aid cuts with the next two upcoming years being the largest cuts of the roll-in of the school funding formula. Also, due to COVID, the district faced and will continue to face additional costs that exceed the additional monies from the State for the CARES Act.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at 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 fund balance restrictions, commitments and assignments at June 30, 2020.

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



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

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

The District is a member of the New Jersey Schools Insurance Group ("NJSIG") which is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the pool is included in Note 9 to the Basic Financial Statements.

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

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

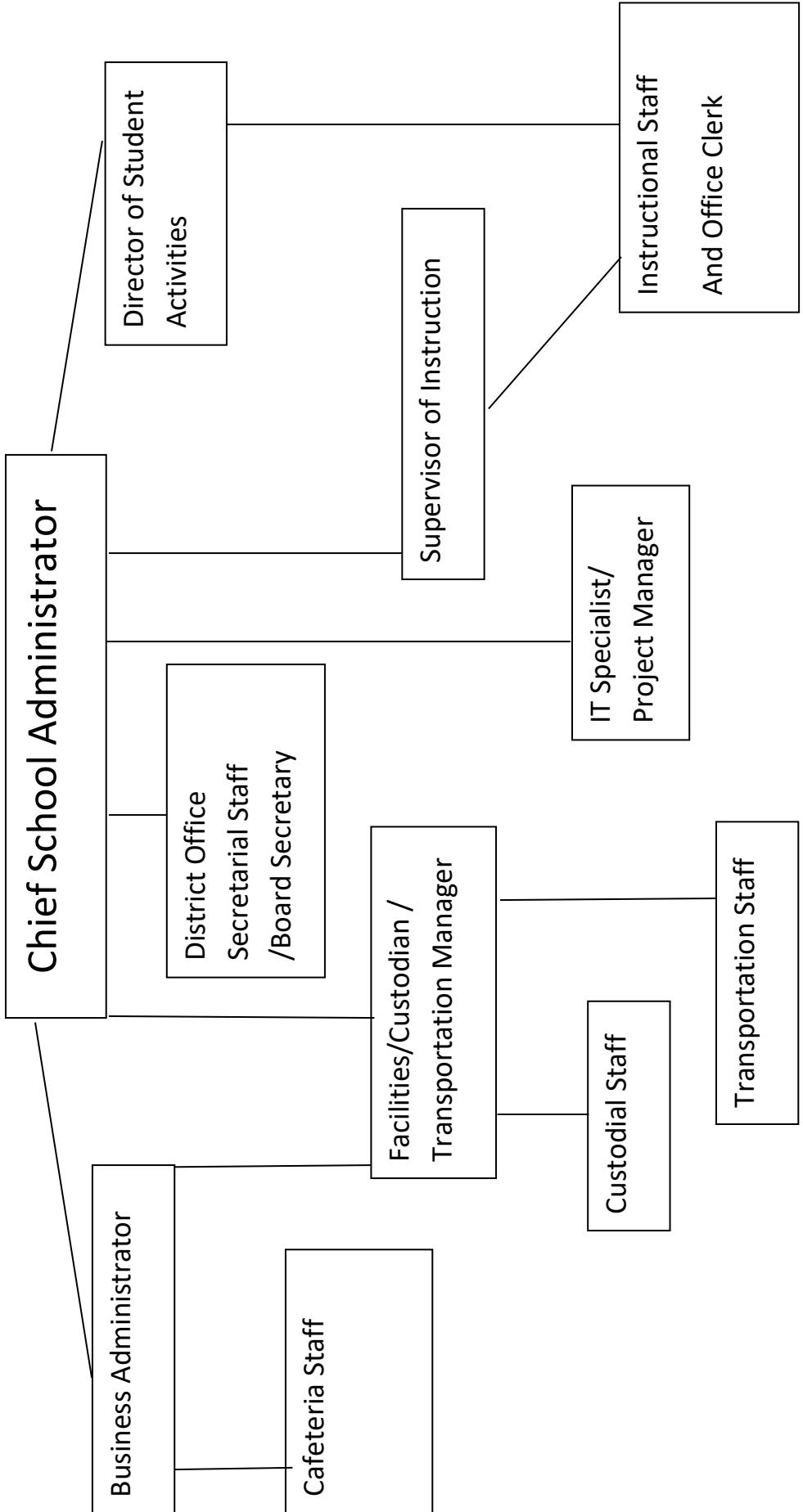
Respectfully submitted,



Timothy C. Capone  
Chief School Administrator



Erkan Gumustekin  
Business Administrator/Board Secretary



**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Glen Plotsky, President	2021
Charkes Teufert, Vice President	2020
Dale Bouma	2022
Danielle Chstimann	2022
Paul Brislin	2022
Jennifer Caramucci	2021
Billy Underwood	2020

<u>Other Officials</u>	<u>Title</u>
Timothy C. Capone	Chief School Administrator/Principal
Erkan Gumustekin	School Business Administrator
Maria Costa	Board Secretary
Rene Metzgar	Treasurer of School Monies

**Montague Township School District  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856-1320  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860

**Attorneys**

Comegno Law Group, PC  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

Porzio, Bromberg and Newman, P.C.  
100 Southgate Parkway  
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Morristown, NJ 07962-1997

**Official Depositories**

SB ONE BANK  
399 Route 23  
Franklin, New Jersey 07416

State of New Jersey Cash Management Fund  
Division of Investment  
Department of the Treasury  
Trenton, New Jersey 08625

## **FINANCIAL SECTION**

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

The Honorable President and Members  
of the Board of Education  
Montague Township School District  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
December 14, 2020

*Nisivoccia LLP*

NISIVOCCIA LLP

*Man C Lee*

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



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section of Montague Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

**Organization of the School District's Financial Report**

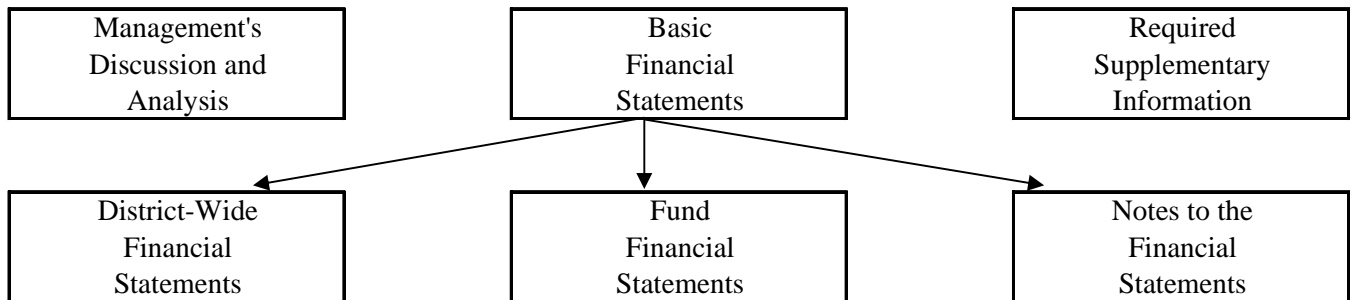


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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

## District-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

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

## Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

## Notes to Basic Financial Statements

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

## Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position increased by 172.50%. Net position from governmental activities increased by \$1,981,986 and net position from business-type activities increased by \$3,941. Net investment in capital assets decreased by \$34,859, restricted net position increased by \$1,745,913 and unrestricted net position increased by \$274,873.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2019/2020
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Current and							
Other Assets	\$ 3,203,804	\$ 1,163,685	\$ 13,047	\$ 14,877	\$ 3,216,851	\$ 1,178,562	
Capital Assets, Net	1,696,173	1,731,032	6,873	6,873	1,703,046	1,737,905	
Total Assets	4,899,977	2,894,717	19,920	21,750	4,919,897	2,916,467	68.69%
Deferred Outflows of Resources	179,966	250,416			179,966	250,416	-28.13%
Other Liabilities	580,499	481,060	877	6,648	581,376	487,708	
Long-Term Liabilities	790,679	840,941			790,679	840,941	
Total Liabilities	1,371,178	1,322,001	877	6,648	1,372,055	1,328,649	3.27%
Deferred Inflows of Resources	590,609	686,962			590,609	686,962	-14.03%
Net Position:							
Net Investment in							
Capital Assets	1,696,173	1,731,032	6,873	6,873	1,703,046	1,737,905	
Restricted	2,265,704	519,791			2,265,704	519,791	
Unrestricted/(Deficit)	(843,721)	(1,114,653)	12,170	8,229	(831,551)	(1,106,424)	
Total Net Position	\$ 3,118,156	\$ 1,136,170	\$ 19,043	\$ 15,102	\$ 3,137,199	\$ 1,151,272	172.50%

*Changes in Net Position.* The District's combined net position was \$3,137,199 on June 30, 2020, \$1,985,927 or 172.50% more than the prior year (See Figure A-3). Net investment in capital assets decreased by \$34,859 due to current year depreciation of \$147,297, net of capital asset additions of \$112,438. Restricted net position increased by \$1,745,913 primarily due to an increase in the Capital Reserve of \$1,300,000, an increase in the Impact Aid Reserve of \$176,175, and the establishment of a \$136,889 Maintenance Reserve and a \$132,659 Tuition Reserve.

Unrestricted net position increased by \$274,873 primarily due to the changes in deferred outflows and inflows and liability related to pensions and increase in encumbrances, offset by an increase in compensated absences (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Revenue:							
Program Revenue:							
Charges for Services		\$ 19,450	\$ 23,784	\$ 18,943	\$ 23,784	\$ 38,393	
Grants and Contributions:							
Operating	\$ 2,384,165	2,596,674	57,829	69,292	2,441,994	2,665,966	
General Revenue:							
Property Taxes	6,552,974	6,256,056			6,552,974	6,256,056	
Federal and State Aid Not Restricted	2,088,287	2,176,829			2,088,287	2,176,829	
Other	12,710	53,710	2	1	12,712	53,711	
Total Revenue	<u>11,038,136</u>	<u>11,102,719</u>	<u>81,615</u>	<u>88,236</u>	<u>11,119,751</u>	<u>11,190,955</u>	-0.64%
Expenses:							
Instruction	3,682,164	4,270,110			3,682,164	4,270,110	
Pupil and Instruction Services	3,145,906	3,813,923			3,145,906	3,813,923	
Administrative and Business	750,891	792,996			750,891	792,996	
Maintenance and Operations	505,300	592,107			505,300	592,107	
Transportation	534,466	948,393			534,466	948,393	
Other	429,923	492,527	85,174	100,775	515,097	593,302	
Total Expenses	<u>9,048,650</u>	<u>10,910,056</u>	<u>85,174</u>	<u>100,775</u>	<u>9,133,824</u>	<u>11,010,831</u>	-17.05%
Transfer	(7,500)	(23,528)	7,500	23,528	-0-	-0-	0.00%
Other Items				(28,203)	-0-	(28,203)	-100.00%
Increase/(Decrease) in Net Position	<u>\$ 1,981,986</u>	<u>\$ 169,135</u>	<u>\$ 3,941</u>	<u>\$ (17,214)</u>	<u>\$ 1,985,927</u>	<u>\$ 151,921</u>	1207.21%

### Governmental Activities

Maintaining existing programs with fluctuating enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because State aid has been declining over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

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

	Total Cost of Services		Net Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 3,682,164	\$ 4,270,110	\$ 2,018,566	\$ 2,192,344
Pupil and Instruction Services	3,145,906	3,813,923	2,751,289	3,618,897
Administrative and Business	750,891	792,996	750,891	791,093
Maintenance and Operations	505,300	592,107	505,300	590,686
Transportation	534,466	948,393	208,516	608,385
Other	429,923	492,527	429,923	492,527
	<u>\$ 9,048,650</u>	<u>\$ 10,910,056</u>	<u>\$ 6,664,485</u>	<u>\$ 8,293,932</u>

**Business-Type Activities**

Net position from the District’s business-type activities increased by \$3,941 (Refer to Figure A-4) which is primarily due to the District establishing a before and after care program.

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

The District’s financial position improved significantly. The Governor ordered all school districts operations closed effective March 18, 2020 through the end of the school year on June 30, 2020 due to COVID-19. The number of special education students declined, resulting in lower tuition and transportation costs. The District also received a \$730,296 Preschool Education Expansion Aid. However, available revenues due to the hard 2% cap on the tax levy continue to be difficult funding issues. To maintain a stable financial position, the District must continue to practice, on a day-to-day basis, sound fiscal management and review of all purchases.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, legal and other professional services.

**Capital Asset and Long-Term Liability Administration**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2019/2020
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Sites (Land)	\$ 45,148	\$ 45,148			\$ 45,148	\$ 45,148	
Site Improvements	27,697	30,204			27,697	30,204	
Buildings and Building Improvements	1,399,360	1,508,089			1,399,360	1,508,089	
Machinery and Equipment	223,968	147,591	\$ 6,873	\$ 6,873	230,841	154,464	
Total Capital Assets (Net of Depreciation)	<u>\$ 1,696,173</u>	<u>\$ 1,731,032</u>	<u>\$ 6,873</u>	<u>\$ 6,873</u>	<u>\$ 1,703,046</u>	<u>\$ 1,737,905</u>	-2.01%

The District’s overall capital assets decreased by \$34,859 due to current year additions of \$112,438; offset by current year depreciation expense of \$147,297. (More detailed information about the District’s capital assets is presented in Note 5 to the basic financial statements.)

**Long-term Liabilities**

At year-end, the District had no general obligation bonds as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the basic financial statements.)

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

	Total School District		Total Percentage Change
	2019/2020	2018/2019	
Net Pension Liability	\$ 672,165	\$ 753,076	
Other Long-term Liabilities	118,514	87,865	
	<u>\$ 790,679</u>	<u>\$ 840,941</u>	-5.98%

- The District’s other long-term liabilities include compensated absences payable which increased \$30,649 during the year.
- In fiscal year 2020, the District had a decrease of \$80,911 in the net pension liability.

***Factors Bearing on the District’s Future Revenue/Expense Changes***

While many factors influence the School District's future, the availability of funding for special education needs, changes in student population and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the School District's administration during the process of developing the fiscal year 2019-2020 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

**Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at the Montague Board of Education, 475 Route 206, Montague, New Jersey 07827.



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 973,041	\$ 1,046	\$ 974,087
Internal Balances	(3,775)	3,775	
Interfund Receivable - Flexible Spending Trust	2,684		2,684
Receivable from Federal Government	16,290	4,430	20,720
Receivable from State Government	83,377	43	83,420
Other Accounts Receivables		3,753	3,753
Restricted Cash and Cash Equivalents	2,132,187		2,132,187
Capital Assets, Net:			
Sites (Land)	45,148		45,148
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	1,651,025	6,873	1,657,898
Total Assets	<u>4,899,977</u>	<u>19,920</u>	<u>4,919,897</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	<u>179,966</u>		<u>179,966</u>
Total Deferred Outflows of Resources	<u>179,966</u>		<u>179,966</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	333,001	877	333,878
Payable to Federal Government	6,709		6,709
Interfund Payable - Payroll Agency	18,768		18,768
Unearned Revenue	222,021		222,021
Noncurrent Liabilities:			
Due Beyond One Year	<u>790,679</u>		<u>790,679</u>
Total Liabilities	<u>1,371,178</u>	<u>877</u>	<u>1,372,055</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	<u>590,609</u>		<u>590,609</u>
Total Deferred Inflows of Resources	<u>590,609</u>		<u>590,609</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,696,173	6,873	1,703,046
Restricted for:			
Capital Projects	1,678,676		1,678,676
Maintenance	136,889		136,889
Tuition	132,659		132,659
Impact Aid	183,963		183,963
Excess Surplus	133,517		133,517
Unrestricted/(Deficit)	<u>(843,721)</u>	<u>12,170</u>	<u>(831,551)</u>
Total Net Position	<u>\$ 3,118,156</u>	<u>\$ 19,043</u>	<u>\$ 3,137,199</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,332,792		\$ 1,224,059	\$ (2,108,733)		\$ (2,108,733)
Special Education	330,696		433,827	103,131		103,131
School-Sponsored Instruction	18,676		5,712	(12,964)		(12,964)
Support Services:						
Tuition	1,883,153		154,095	(1,729,058)		(1,729,058)
Student & Instruction Related Services	1,262,753		240,522	(1,022,231)		(1,022,231)
General Administrative Services	473,808			(473,808)		(473,808)
School Administrative Services	4,008			(4,008)		(4,008)
Central Services	178,664			(178,664)		(178,664)
Administration Information Technology	94,411			(94,411)		(94,411)
Plant Operations and Maintenance	505,300			(505,300)		(505,300)
Pupil Transportation	534,466		325,950	(208,516)		(208,516)
Charter Schools	429,923			(429,923)		(429,923)
Total Governmental Activities	9,048,650		2,384,165	(6,664,485)		(6,664,485)
Business-Type Activities:						
Food Service	75,534	\$ 9,476	57,829		\$ (8,229)	(8,229)
Before and After Care	9,640	14,308			4,668	4,668
Total Business-Type Activities	85,174	23,784	57,829		(3,561)	(3,561)
Total Primary Government	9,133,824	23,784	2,441,994	(6,664,485)	(3,561)	(6,668,046)

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expenses)/Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 6,552,974		\$ 6,552,974
Federal and State Aid Not Restricted	2,088,287		2,088,287
Interest Earnings	2,770	2	2,772
Miscellaneous Income	9,940		9,940
Transfers	(7,500)	7,500	
	8,646,471	7,502	8,653,973
Total General Revenues and Transfers			
Change in Net Position	1,981,986	3,941	1,985,927
Net Position - Beginning	1,136,170	15,102	1,151,272
Net Position - Ending	\$ 3,118,156	\$ 19,043	\$ 3,137,199

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

## **FUND FINANCIAL STATEMENTS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 839,188	\$ 133,853	\$ 973,041
Interfund Receivable	2,684		2,684
Receivables from Federal Government		16,290	16,290
Receivables from State Government	83,377		83,377
Restricted Cash and Cash Equivalents	2,132,187		2,132,187
Total Assets	\$ 3,057,436	\$ 150,143	\$ 3,207,579
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Interfund Payable	\$ 22,543		\$ 22,543
Payable to Federal Government		\$ 6,709	6,709
Accounts Payable	267,887		267,887
Unearned Revenue	3,741	218,280	222,021
Total Liabilities	294,171	224,989	519,160
Fund Balances:			
Restricted:			
Excess Surplus - For 2020-2021 School Year	133,517		133,517
Capital Reserve Account	1,678,676		1,678,676
Maintenance Reserve Account	136,889		136,889
Tuition Reserve Account	132,659		132,659
Impact Aid General Fund Reserve Account	183,963		183,963
Assigned:			
Other Purposes	318,128		318,128
For Subsequent Year's Expenditures	110,140		110,140
Unassigned/(Deficit)	69,293	(74,846)	(5,553)
Total Fund Balances	2,763,265	(74,846)	2,688,419
Total Liabilities and Fund Balances	\$ 3,057,436	\$ 150,143	

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	1,696,173
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 6).	(118,514)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(672,165)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds	(475,757)
Net Position of Governmental Activities	\$ 3,118,156

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 6,552,974		\$ 6,552,974
Interest Earned	2,770		2,770
Miscellaneous	9,940		9,940
Total - Local Sources	6,565,684		6,565,684
State Sources	3,357,643	\$ 437,170	3,794,813
Federal Sources	176,175	261,834	438,009
Total Revenues	10,099,502	699,004	10,798,506
<b>EXPENDITURES</b>			
Current:			
Regular Instruction	1,544,206	468,202	2,012,408
Special Education Instruction	168,102	4,401	172,503
School Sponsored Instruction	9,585		9,585
Support Services and Undistributed Costs:			
Tuition	1,783,953	99,200	1,883,153
Student and Other Instruction Related Services	772,350	211,852	984,202
General Administrative Services	377,927		377,927
School Administrative Services	2,870		2,870
Central Services	126,006		126,006
Administration Information Technology	74,799		74,799
Plant Operations and Maintenance	443,928		443,928
Pupil Transportation	485,365		485,365
Unallocated Benefits	1,688,887		1,688,887
Transfer to Charter Schools	429,923		429,923
Capital Outlay	117,948	11,994	129,942
Total Expenditures	8,025,849	795,649	8,821,498
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	2,073,653	(96,645)	1,977,008
<b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers	(21,799)	21,799	
Transfer - Food Service Fund	(7,500)		(7,500)
Total Other Financing Sources/(Uses)	(29,299)	21,799	(7,500)
Net Change in Fund Balances	2,044,354	(74,846)	1,969,508
Fund Balance —July 1	718,911	-0-	718,911
Fund Balance (Deficit) —June 30	\$ 2,763,265	\$ (74,846)	\$ 2,688,419

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



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,969,508

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

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

	Depreciation expense	\$ (147,297)	
	Capital Outlays	<u>112,438</u>	(34,859)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). (30,649)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	80,911
Changes in Deferred Outflows and Inflows Related to Pensions	<u>(2,925)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,981,986

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total Enterprise
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 1,046	\$ 1,046
Interfund Receivable		
General Fund	3,775	3,775
Intergovernmental Receivable:		
Federal	4,430	4,430
State	43	43
Other Accounts Receivable	3,753	3,753
Total Current Assets	13,047	13,047
Non-Current Assets:		
Capital Assets	22,205	22,205
Less: Accumulated Depreciation	(15,332)	(15,332)
Total Non-Current Assets	6,873	6,873
Total Assets	19,920	19,920
LIABILITIES:		
Current Liabilities:		
Accounts Payable	877	877
Total Current Liabilities	877	877
NET POSITION:		
Investment in Capital Assets	6,873	6,873
Unrestricted	12,170	12,170
Total Net Position	\$ 19,043	\$ 19,043

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total Enterprise
Operating Revenue:		
Local Sources:		
Daily Sales:		
Reimbursable Programs	\$ 8,623	\$ 8,623
Non-Reimbursable Programs	853	853
Other Income	14,308	14,308
Total Operating Revenue	<u>23,784</u>	<u>23,784</u>
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs	65,214	65,214
Non-Reimbursable Programs	6,450	6,450
Supplies, Insurance & Other Costs	3,537	3,537
Miscellaneous Expenditures	9,973	9,973
Total Operating Expenses	<u>85,174</u>	<u>85,174</u>
Operating Loss	<u>(61,390)</u>	<u>(61,390)</u>
Non-Operating Revenue:		
Local Sources:		
Interest Income	2	2
State Sources:		
State School Lunch Program	611	611
COVID - Seamless Summer Option	43	43
Federal Sources:		
National School Lunch Program	32,763	32,763
School Breakfast Program	16,445	16,445
COVID - Seamless Summer Option	4,430	4,430
Food Distribution Program	3,537	3,537
Total Non-Operating Revenue	<u>57,831</u>	<u>57,831</u>
Change in Net Position before Other Items	(3,559)	(3,559)
Other Items:		
Transfer In - General Fund	7,500	7,500
Total Other Items	<u>7,500</u>	<u>7,500</u>
Change in Net Position	3,941	3,941
Net Position - Beginning of Year	<u>15,102</u>	<u>15,102</u>
Net Position - End of Year	<u>\$ 19,043</u>	<u>\$ 19,043</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total Enterprise
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 24,677	\$ 24,677
Payments to Suppliers for Goods and Services	(87,408)	(87,408)
	(62,731)	(62,731)
Net Cash Provided by/(Used for) Operating Activities		
Cash Flows from Noncapital and Financing Activities:		
State Sources	684	684
Federal Sources	54,770	54,770
Transfer In:		
General Fund	7,500	7,500
	62,954	62,954
Net Cash Provided by/(Used for) Noncapital Financing Activities		
Cash Flows from Investment Activities:		
Interest Income	2	2
	2	2
Net Cash Provided by Investing Activities		
Net Increase in Cash and Cash Equivalents	225	225
Cash and Cash Equivalents, July 1	821	821
Cash and Cash Equivalents, June 30	\$ 1,046	\$ 1,046
Reconciliation of Operating Income/(Loss) to Net Cash		
Provided by/(Used for) Operating Activities:		
Operating Income/(Loss)	(61,390)	(61,390)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash		
Provided by/(Used for) Operating Activities:		
Food Distribution Program	3,537	3,537
Changes in Assets and Liabilities:		
Decrease in Other Accounts Receivable	893	893
Increase/(Decrease) in Accounts Payable	(5,771)	(5,771)
	(62,731)	(62,731)
Net Cash Used for Operating Activities	\$ (62,731)	\$ (62,731)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized U.S.D.A. Commodities through the Food Distribution Program valued at \$3,537.

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 168,037	\$ 373	\$ 125	\$ 1,124
Interfund Receivable:				
General Fund	18,768			
Payroll Agency Fund			2,559	
	<u>186,805</u>	<u>373</u>	<u>2,684</u>	<u>1,124</u>
Total Assets	<u>186,805</u>	<u>373</u>	<u>2,684</u>	<u>1,124</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	63,419			
Accrued Salaries and Wages	119,329			
Interfund Payable:				
General Fund			2,684	
Flexible Spending Trust	2,559			
Due to Student Groups	1,498			
	<u>186,805</u>	<u>373</u>	<u>2,684</u>	<u>1,124</u>
Total Liabilities	<u>186,805</u>	<u>373</u>	<u>2,684</u>	<u>1,124</u>
<b>NET POSITION:</b>				
Restricted for Scholarships				1,124
Held in Trust for Unemployment Claims		373		
	<u>\$ -0-</u>	<u>\$ 373</u>	<u>\$ -0-</u>	<u>\$ 1,124</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 373</u>	<u>\$ -0-</u>	<u>\$ 1,124</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Budget Appropriation	\$ 12,000	
Investment Earnings:		
Interest	<u>1</u>	<u>\$ 1</u>
Total Additions	<u>12,001</u>	<u>1</u>
 <b>DEDUCTIONS:</b>		
Unemployment Claims	11,795	
Scholarships Awarded		<u>150</u>
Total Deductions	<u>11,795</u>	<u>150</u>
Change in Net Position	206	(149)
Net Position - Beginning of the Year	<u>167</u>	<u>1,273</u>
Net Position - End of the Year	<u><u>\$ 373</u></u>	<u><u>\$ 1,124</u></u>

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations and before and after care program. The Food Service Fund and Before and After Care Program are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,096,858	\$ 880,277
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Current Year Encumbrances		(84,628)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	257,993	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(255,349)	(74,846)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 10,099,502	\$ 720,803

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,025,849	\$ 880,277
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Current Year Encumbrances		(84,628)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,025,849	\$ 795,649

E. Cash and Cash Equivalents and Investments:

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

F. Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	15 to 30 years
Machinery and Equipment	5 to 20 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2020, the amount earned by these employees, but not disbursed was \$119,329.

N. Compensated Absences:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,763,265 General Fund fund balance at June 30, 2020, \$318,128 is assigned for encumbrances; \$110,140 is designated for subsequent year's expenditures; \$1,678,676 is restricted in the capital reserve account; \$183,963 is restricted in the impact aid general fund reserve account; \$136,889 is restricted in the maintenance reserve account; \$132,659 is restricted in the tuition reserve account; \$133,517 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (SI701) (the prior year excess surplus of \$133,517 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021); and \$69,293 is unassigned fund balance which is \$255,349 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Special Revenue Fund: There is a (\$74,846) deficit in unassigned fund balance in the Special Revenue Fund at June 30, 2020. The deficit is due to the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2021.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (SI701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as outlined above.

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

Q. Fund Balance Restrictions, Commitments, and Assignments:

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

In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital reserve, maintenance reserve, tuition reserve, and an impact aid general fund reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2020.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources related to pensions at June 30, 2020.

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

R. Net Position: (Cont'd)

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

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$843,721 in governmental activities, which is due primarily to deferred outflows and inflows of resources related to pensions and the net pension liability. The District has a \$74,846 deficit fund balance in the Special Revenue Fund due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

These deficits in Governmental Activities do not indicate that the District is facing financial difficulties and are a permitted practice by generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales of food and fees for before and after care services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

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



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Deposits: (Cont'd)

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

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

Investments:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Investments: (Cont'd)

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
		Capital Reserve Account	Impact Aid Reserve Account	Maintenance Reserve Account	Tuition Reserve Account	
Checking and Savings Accounts	\$1,089,843	\$1,678,676	\$ 183,963	\$ 136,889	\$ 132,659	\$3,222,030
New Jersey Cash Management Fund	53,903					53,903
	<u>\$1,143,746</u>	<u>\$1,678,676</u>	<u>\$ 183,963</u>	<u>\$ 136,889</u>	<u>\$ 132,659</u>	<u>\$3,275,933</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$3,275,933 and the bank balance was \$3,545,288. The \$53,903 in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District on September 27, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question on the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1g, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	378,486
Add:		
Interest Earnings		190
Transfer from Unassigned Fund Balance by Board Resolution - June 8, 2020		1,300,000
Ending Balance, June 30, 2020		\$ 1,678,676

The balance in the capital reserve account at June 30, 2020 does not exceed the LRFPP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Ending Balance
Governmental Activities:			
Capital Assets not Being Depreciated:			
Sites (Land)	\$ 45,148		\$ 45,148
Total Capital Assets Not Being Depreciated	45,148		45,148
Capital Assets Being Depreciated:			
Site Improvements	145,613		145,613
Buildings and Building Improvements	4,032,824	\$ 3,700	4,036,524
Machinery and Equipment	490,127	108,738	598,865
Total Capital Assets Being Depreciated	4,668,564	112,438	4,781,002
Governmental Activities Capital Assets	4,713,712	112,438	4,826,150
Less Accumulated Depreciation for:			
Site Improvements	(115,409)	(2,507)	(117,916)
Buildings and Building Improvements	(2,524,735)	(112,429)	(2,637,164)
Machinery and Equipment	(342,536)	(32,361)	(374,897)
	(2,982,680)	(147,297)	(3,129,977)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,731,032	\$ (34,859)	\$ 1,696,173
Business-Type Activities:			
Capital Assets Being Depreciated:			
Machinery and Equipment	\$ 22,205		\$ 22,205
Less Accumulated Depreciation	(15,332)		(15,332)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 6,873	\$ -0-	\$ 6,873

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 56,790
Special Education	6,182
School Sponsored Instruction	352
Student and Instruction Related Services	28,405
General Administrative Services	13,900
School Administrative Services	106
Central Services	4,634
Administration Information Technology	2,751
Plant Operations and Maintenance	16,326
Pupil Transportation	17,851
	<u>\$ 147,297</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Retired	Balance 6/30/2020
Net Pension Liability	\$ 753,076		\$ 80,911	\$ 672,165
Compensated Absences Payable	87,865	\$ 39,536	8,887	118,514
	<u>\$ 840,941</u>	<u>\$ 39,536</u>	<u>\$ 89,798</u>	<u>\$ 790,679</u>

A. Bonds Payable:

The Board had no bonds payable as of June 30, 2020.

B. Bonds Authorized But Not Issued:

The Board had no bonds authorized but not issued as of June 30, 2020.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance is \$-0- and the long-term liability balance of compensated absences is \$118,514. The General Fund will be used to liquidate compensated absences payable. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$672,165. See Note 8 for further information on the PERS.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$112,643 to the capital outlay accounts. The \$112,643 transfer to facilities acquisition and construction services required approval from the county superintendent, which the District obtained.

NOTE 8. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$37,388 for fiscal year 2020.

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

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

At June 30, 2020, the District reported a liability of \$672,165 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0037%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized a pension benefit of \$(41,664). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2014	6.44	\$ 1,776	
	2015	5.72	10,984	
	2016	5.57	54,358	
	2017	5.48		\$ 96,492
	2018	5.63		77,974
	2019	5.21		58,840
			<u>67,118</u>	<u>233,306</u>
Difference Between Expected and Actual Experience	2015	5.72	3,046	
	2016	5.57	1,650	
	2017	5.48	2,870	
	2018	5.63		2,969
	2019	5.21	4,498	
			<u>12,064</u>	<u>2,969</u>



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Proportion	2014	6.44		\$ 285
	2015	5.72	\$ 22,990	
	2016	5.57	12,680	
	2017	5.00		142,954
	2018	5.63		183,218
	2019	5.21		17,267
			<u>35,670</u>	<u>343,724</u>
Net Difference Between Projected and Actual	2016	5.00		(12,406)
Investment Earnings on Pension Plan Investments	2017	5.00		14,888
	2018	5.00		10,356
	2019	5.00		(2,228)
				<u>10,610</u>
Contribution Made Subsequent to the				
Measurement Date	2019	1.00	65,114	
			<u>\$ 179,966</u>	<u>\$ 590,609</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (19,408)
2021	(62,963)
2022	(56,222)
2023	(26,399)
2024	(2,711)
	<u>\$ (167,703)</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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' target asset allocation as of June 30, 2019 are summarized in the following table:

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management 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 Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 849,054	\$ 672,165	\$ 523,111

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$448,645 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$730,202.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$12,379,938. 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 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0202%, which was a decrease of 0.0024% from its proportion measured as of June 30, 2018.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>12,379,938</u>
Total	\$	<u><u>12,379,938</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$730,202 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.30		7,323,009
	2015	8.50	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

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 years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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 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%
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 Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

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 70% of the actuarially determined contributions for the State.



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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF (Cont'd)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension 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.

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

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

	June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 14,598,687	\$ 12,379,938	\$ 10,539,077

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For DCRP, the District recognized pension expense of \$584 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$3,317 for the year ended June 30, 2020.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health care coverage through Horizon Blue Cross Blue Shield of New Jersey.

Property, Liability and Health Benefits

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

The District is a member of the New Jersey Schools Insurance Group ("NJSIG"). This public entity risk management pool provided general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

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

Selected, summarized financial information for the NJSIG as of June 30, 2020 is as follows:

Total Assets	\$ 384,022,002
Net Position	\$ 139,233,105
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Change in Net Position	\$ 31,408,509
Member Dividends	\$ -0-

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group  
6000 Midlantic Drive  
Mount Laurel, NJ 08054  
(609) 386-6060  
[www.njsig.org](http://www.njsig.org)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 12,000	\$ 1	\$ -0-	\$ 11,795	\$ 373
2018-2019	11,200	-0-	-0-	13,341	167
2017-2018	14,000	1	-0-	12,295	2,308

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2020 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,684	\$ 22,543
Proprietary Fund - Food Service Fund	8,274	
Proprietary Fund - Before and After Care Fund		4,499
Fiduciary Fund - Payroll Agency Fund	18,768	2,559
Fiduciary Fund - Flexible Spending Trust	2,559	2,684
	<u>\$ 32,285</u>	<u>\$ 32,285</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

The receivable in the General Fund is comprised of \$2,684 due from the Flexible Spending Trust for unclaimed balances. The receivable due from the General Fund to the Enterprise Food Service Fund is due to subsidy reimbursements collected in General Fund. The receivable due from the General Fund to the Payroll Agency Fund is for the reimbursement of the annual PERS contribution; net of health benefit contributions and interest that were not turned over by the Payroll Agency Fund to the General Fund by June 30, 2020. The receivable due from the Payroll Agency Fund to the Flexible Spending Trust is for fiscal year 2017 and 2018 plan member contributions. The interfund between the Enterprise Food Service Fund and the Enterprise Before and After Care Fund is due to a deficit in cash and cash equivalents in the Enterprise Food Service Fund.

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future 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 Financial  
Lincoln Life Financial

NOTE 13. TAX CALENDAR

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

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds.

	General Fund	Special Revenue Fund	Total Governmental Funds
Vendors	\$ 318,128	\$ 84,628	\$ 402,756

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$84,628 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2020:

	Governmental Funds	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Business-Type Activities
	General Fund			Food Service Fund
Due to State of New Jersey		\$ 65,114	\$ 65,114	
Vendors	\$ 267,887		267,887	\$ 877
	\$ 267,887	\$ 65,114	\$ 333,001	\$ 877

NOTE 16. IMPACT AID GENERAL FUND RESERVE ACCOUNT

An impact aid general fund reserve account was established by the District on June 24, 2015. Impact Aid revenue received from the federal government under section 8002 or 8003 of the Elementary and Secondary Education Act of 1965 can be used for any legal purpose without restriction. The reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Impact Aid provides financial assistance to school districts affected by federal activities. Because federal property is exempt from local property taxes, Impact Aid helps to replace lost revenue that would otherwise be available to pay for educating children who live on federal property or whose parents work on federal property.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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NOTE 16. IMPACT AID GENERAL FUND RESERVE ACCOUNT (Cont'd)

A board of education may appropriate federal impact aid funds to establish or supplement the reserve account in the district's annual budget, or through a transfer by a two-thirds affirmative vote of the authorized membership of the board between June 1 and June 30, for withdrawal in any subsequent school year. Any transfer to the reserve account shall not exceed the total amount of federal impact aid received in the fiscal year. The board, at its discretion, may use the funds in the reserve account to finance the district's general fund or to finance school facilities projects, in a manner consistent with federal law. The total amount of funds on deposit in the reserve account shall not be limited.

The activity of the impact aid general fund reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 7,788
Add:	
Transfer by Board Resolution	176,175
Ending Balance, June 30, 2020	\$ 183,963

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

Employees Covered by Benefit Terms

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

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

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

Actuarial Assumptions and Other Inputs

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

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

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NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 11,481,516
Changes for Year:	
Service Cost	302,328
Interest on the Total OPEB Liability	450,257
Difference between Actual and Expected Experience	(1,962,940)
Changes of Assumptions	150,899
Contributions from Members	9,209
Gross Benefit Payments by the State	(310,672)
Net Changes	(1,360,919)
Balance at June 30, 2019	\$ 10,120,597

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

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

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 11,956,424	\$ 10,120,597	\$ 8,662,316

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 8,338,921	\$ 10,120,597	\$ 12,479,170

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$127,495 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,178,241
	2018	9.51		1,013,448
	2019	9.29	\$ 134,655	2,191,689
			134,655	2,191,689
Differences between Expected and Actual Experience	2018	9.51		958,023
	2019	9.29		1,584,906
				2,542,929
Changes in Proportion	N/A	N/A	368,638	398,623
			\$ 503,293	\$ 5,133,241

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (617,612)
2021	(617,612)
2022	(617,612)
2023	(617,612)
2024	(617,612)
Thereafter	(1,511,903)
	\$ (4,599,963)

NOTE 18. MAINTENANCE RESERVE GENERAL FUND RESERVE ACCOUNT

A maintenance reserve account was established by the District on June 8, 2020 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes.

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities.

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 18. MAINTENANCE RESERVE GENERAL FUND RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ -0-
Add:	
Transfer by Board Resolution	136,889
Ending Balance, June 30, 2020	<u>\$ 136,889</u>

NOTE 19. TUITION RESERVE GENERAL FUND RESERVE ACCOUNT

A tuition reserve account was established by the District on June 8, 2020. A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year tuition. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

The activity of the tuition reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ -0-
Add:	
Transfer by Board Resolution	132,659
Ending Balance, June 30, 2020	<u>\$ 132,659</u>

NOTE 20. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Food Service and Before and After Program Enterprise Funds will likely be impacted by COVID-19 for the fiscal year ending June 30, 2021.

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0053582936%	0.0063070832%	0.0065335359%	0.0050846660%	0.0038247595%	0.0037304202%
District's proportionate share of the net pension liability	\$ 1,003,219	\$ 1,415,814	\$ 1,935,046	\$ 1,183,629	\$ 753,076	\$ 672,165
District's covered employee payroll	\$ 397,514	\$ 432,817	\$ 358,746	\$ 274,429	\$ 244,698	\$ 391,536
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	252.37%	327.12%	539.39%	431.31%	307.76%	171.67%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 44,173	\$ 54,224	\$ 58,390	\$ 47,842	\$ 38,318	\$ 37,388
Contributions in relation to the contractually required contribution	(44,173)	(54,224)	(58,390)	(47,842)	(38,318)	(37,388)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 432,817	\$ 358,746	\$ 274,429	\$ 244,698	\$ 391,536	\$ 404,016
Contributions as a percentage of covered employee payroll	10.21%	15.11%	21.28%	19.55%	9.79%	9.25%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0252718611%	0.0245993334%	0.0250369653%	0.0230261706%	0.0226066879%	0.0201723120%
State's proportionate share of the net pension liability attributable to the District	\$ 13,506,987	\$ 15,547,829	\$ 19,695,671	\$ 15,525,075	\$ 14,381,889	\$ 12,379,938
District's covered employee payroll	\$ 2,495,206	\$ 2,531,867	\$ 2,402,629	\$ 2,246,299	\$ 2,357,053	\$ 2,105,058
State's proportionate share of the net pension liability attributable to the District as a percentage of the covered employee payroll	541.32%	614.09%	819.75%	691.14%	610.16%	588.10%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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



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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2020
Contractually required contribution	\$ 726,803	\$ 949,335	\$ 1,479,856	\$ 1,075,499	\$ 838,414
Contributions in relation to the contractually required contribution	(132,993)	(200,456)	(249,943)	(332,917)	(396,740)
Contribution deficiency/(excess)	<u>\$ 593,810</u>	<u>\$ 748,879</u>	<u>\$ 1,229,913</u>	<u>\$ 742,582</u>	<u>\$ 441,674</u>
District's covered employee payroll	\$ 2,531,867	\$ 2,402,629	\$ 2,246,299	\$ 2,357,053	\$ 2,210,348
Contributions as a percentage of covered employee payroll	5.25%	8.34%	11.13%	14.12%	18.85%
					20.30%

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

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

	Fiscal Year Ending		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 428,616	\$ 358,078	\$ 302,328
Interest Cost	407,920	470,769	450,257
Differences between Expected and Actual Experience		(672,153)	(1,962,940)
Changes in Assumptions	(1,636,770)	(1,317,561)	150,899
Member Contributions	11,035	10,611	9,209
Gross Benefit Payments	(299,690)	(307,012)	(310,672)
Net Change in Total OPEB Liability	(1,088,889)	(1,457,268)	(1,360,919)
Total OPEB Liability - Beginning	14,027,673	12,938,784	11,481,516
Total OPEB Liability - Ending	<u>\$ 12,938,784</u>	<u>\$ 11,481,516</u>	<u>\$ 10,120,597</u>
District's Covered Employee Payroll	\$ 2,520,728	\$ 2,601,751	\$ 2,496,594
Total OPEB Liability as a Percentage of Covered Employee Payroll	513%	441%	405%

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

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

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

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

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

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

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

**BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)**

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE 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	\$ 6,552,974		\$ 6,552,974	\$ 6,552,974	
Interest on Capital Reserve				190	\$ 190
Unrestricted Miscellaneous Revenues				12,520	12,520
Total Local Sources	6,552,974		6,552,974	6,565,684	12,710
State Sources:					
Equalization Aid	1,807,057		1,807,057	1,807,057	
Categorical Transportation Aid	326,614		326,614	326,614	
Categorical Special Education Aid	257,132		257,132	257,132	
Categorical Security Aid	100,706		100,706	100,706	
Extraordinary Aid				74,352	74,352
Nonpublic Transportation				290	290
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				169,422	169,422
On-Behalf TPAF Pension Contributions (Non-Budgeted)				448,645	448,645
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				8,041	8,041
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				379	379
TPAF Social Security (Reimbursed - Non-Budgeted)				162,361	162,361
Total State Sources	2,491,509		2,491,509	3,354,999	863,490
Federal Sources:					
Impact Aid				176,175	176,175
Total Federal Sources				176,175	176,175
<b>TOTAL REVENUES</b>	9,044,483		9,044,483	10,096,858	1,052,375

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE 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:					
Preschool - Salaries of Teachers	\$ 234,365	\$ (229,103)	\$ 5,262	\$ 5,262	
Kindergarten - Salaries of Teachers	208,687	31,697	240,384	240,384	
Grades 1-5 - Salaries of Teachers	692,483	(5,576)	686,907	686,907	
Grades 6-8 - Salaries of Teachers	30,000	459,107	489,107	489,107	
Unused Sick Payment to Terminated/Retired Staff	368,404	(359,516)	8,888	8,888	
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	33,000	(7,227)	25,773	25,773	
Other Purchased Services (400-500 Series)	1,000	(1,000)			
General Supplies	77,591	772	78,363	78,213	\$ 150
Textbooks		147,750	147,750		147,750
Other Objects	18,520	(8,848)	9,672	9,672	
<b>Total Regular Programs - Instruction</b>	<b>1,664,050</b>	<b>28,056</b>	<b>1,692,106</b>	<b>1,544,206</b>	<b>147,900</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	79,778		79,778	68,817	10,961
General Supplies	2,000		2,000	576	1,424
<b>Total Learning and/or Language Disabilities Resource Room/Resource Center:</b>	<b>81,778</b>		<b>81,778</b>	<b>69,393</b>	<b>12,385</b>
Salaries of Teachers	117,768		117,768	96,795	20,973
General Supplies	2,000		2,000	1,914	86
<b>Total Resource Room/Resource Center</b>	<b>119,768</b>		<b>119,768</b>	<b>98,709</b>	<b>21,059</b>
<b>Total Special Education Instruction</b>	<b>201,546</b>		<b>201,546</b>	<b>168,102</b>	<b>33,444</b>



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 12,000		\$ 12,000	\$ 3,425	\$ 8,575
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>12,000</b>		<b>12,000</b>	<b>3,425</b>	<b>8,575</b>
School-Sponsored Athletics - Instruction:					
Salaries	14,000		14,000	6,160	7,840
<b>Total School-Sponsored Athletics - Instruction</b>	<b>14,000</b>		<b>14,000</b>	<b>6,160</b>	<b>7,840</b>
<b>Total Instruction</b>	<b>1,891,596</b>	<b>\$ 28,056</b>	<b>1,919,652</b>	<b>1,721,893</b>	<b>197,759</b>
<b>Undistributed Expenditures:</b>					
Instruction:					
Tuition to Other LEAs Within the State - Regular	1,594,565	(39,465)	1,555,100	1,432,915	122,185
Tuition to Other LEAs Within the State - Special	223,830		223,830	148,601	75,229
Tuition to County Vocational School District - Regular	124,712	39,465	164,177	134,113	30,064
Tuition to CSSD and Regular Day Schools	2,844		2,844	2,844	
Tuition to Private Schools for the Handicapped - Within State	469,921	(135,528)	334,393	65,480	268,913
<b>Total Instruction</b>	<b>2,415,872</b>	<b>(135,528)</b>	<b>2,280,344</b>	<b>1,783,953</b>	<b>496,391</b>
Attendance and Social Work:					
Salaries	32,800		32,800	25,981	6,819
<b>Total Attendance and Social Work</b>	<b>32,800</b>		<b>32,800</b>	<b>25,981</b>	<b>6,819</b>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Health Services:					
Salaries	\$ 63,008	\$ 9,636	\$ 72,644	\$ 72,644	
Purchased Professional and Technical Services	10,690	(9,240)	1,450	1,140	\$ 310
Supplies and Materials	7,486	(396)	7,090	6,980	110
Total Health Services	81,184		81,184	80,764	420
Other Support Services - Students - Speech, OT, PT and Related Services:					
Salaries		59,951	59,951	59,951	
Purchased Professional - Educational Services	242,647	(59,951)	182,696	173,151	9,545
Supplies and Materials	470		470	91	379
Total Other Support Services - Students - Speech, OT, PT and Related Services	243,117		243,117	233,193	9,924
Other Support Services - Students - Extraordinary Services:					
Salaries	79,121		79,121	60,148	18,973
Purchased Professional - Educational Services	184,308	(5,847)	178,461	87,258	91,203
Total Other Support Services - Students - Extraordinary Services	263,429	(5,847)	257,582	147,406	110,176
Other Support Services -Guidance:					
Salaries	67,976		67,976	41,702	26,274
Total Other Support Services - Guidance	67,976		67,976	41,702	26,274
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	163,680		163,680	102,065	61,615
Salaries of Secretarial and Clerical Assistants	20,090		20,090	1,002	19,088
Purchased Professional - Educational Services		1,045	1,045	1,045	
Miscellaneous Purchased Services (400-500)	1,377	(1,045)	332		332

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Other Support Services - Students - Child Study Team: (Cont'd)					
Supplies and Materials	\$ 1,181		\$ 1,181	\$ 1,016	\$ 165
Other Objects	150		150		150
Total Other Support Services - Students - Child Study Team	<u>186,478</u>		<u>186,478</u>	<u>105,128</u>	<u>81,350</u>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	22,140	\$ 30,866	53,006	53,006	
Salaries of Other Professional Staff	68,965	9,770	78,735	78,735	
Purchased Professional - Educational Services	2,250	(1,545)	705	600	105
Supplies and Materials	6,000	(5,265)	735	735	
Total Improvement of Instructional Services	<u>99,355</u>	<u>33,826</u>	<u>133,181</u>	<u>133,076</u>	<u>105</u>
Educational Media Services/School Library:					
Salaries	77,158	(20,505)	56,653		56,653
Supplies and Materials	3,000	(2,736)	264		264
Total Educational Media Services/School Library	<u>80,158</u>	<u>(23,241)</u>	<u>56,917</u>		<u>56,917</u>
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	1,900	3,200	5,100	5,100	
Total Instructional Staff Training Services	<u>1,900</u>	<u>3,200</u>	<u>5,100</u>	<u>5,100</u>	
Support Services - General Administration:					
Salaries	182,043	(7,695)	174,348	174,348	
Legal Services	26,300	115,971	142,271	142,271	
Audit Fees	23,025		23,025	23,025	
Architectural/Engineering Services	5,000		5,000	5,000	
Communications/Telephone	25,827	(15,122)	10,705	10,705	
BOE Other Purchased Services	21,000	(14,244)	6,756	6,756	

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Support Services - General Administration: (Cont'd)					
Travel	\$	\$ 479	\$ 479	\$ 479	
Other Purchase Services	2,124	(1,249)	875	875	
Miscellaneous Purchased Services (400-500 series)		3,226	3,226	3,226	
General Supplies	3,237	(1,822)	1,415	1,415	
Judgments Against the School Entity	44,028	(44,028)			
Miscellaneous Expenditures	4,030	(3,247)	783	783	
BOE Membership Dues and Fees	9,138	(94)	9,044	9,044	
Total Support Services - General Administration	345,752	32,175	377,927	377,927	
Support Services - School Administration:					
Salaries of Secretarial and Clerical Assistants	2,870		2,870	2,870	
Total Support Services - School Administration	2,870		2,870	2,870	
Central Services:					
Salaries	140,349	(13,374)	126,975	123,210	\$ 3,765
Purchased Professional Services	3,000		3,000		3,000
Misc. Purchased Services (400-500 series)	1,250		1,250	775	475
Supplies and Materials	1,600		1,600	1,261	339
Miscellaneous Expenditures	2,200		2,200	760	1,440
Total Central Services	148,399	(13,374)	135,025	126,006	9,019
Administration Information Technology:					
Salaries	47,355		47,355	45,500	1,855
Purchased Technical Services	18,785		18,785	18,470	315
Miscellaneous Purchased Services	1,500		1,500	495	1,005
Supplies and Materials	11,745		11,745	10,334	1,411
Total Administration Information Technology	79,385		79,385	74,799	4,586

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 60,000	\$ (1,316)	\$ 58,684	\$ 43,968	\$ 14,716
General Supplies	3,400	1,316	4,716	4,716	
Total Required Maintenance of School Facilities	<u>63,400</u>		<u>63,400</u>	<u>48,684</u>	<u>14,716</u>
Custodial Services:					
Salaries	203,807	(21,364)	182,443	102,810	79,633
Salaries of Non-Instructional Aides	26,630		26,630	24,974	1,656
Purchased Professional and Technical Services	23,373		23,373	6,994	16,379
Cleaning, Repair and Maintenance Services	64,000	21,364	85,364	85,228	136
Other Purchased Property Services	8,500		8,500	5,918	2,582
Insurance	26,544	10,842	37,386	37,386	
Miscellaneous Purchased Services	6,000		6,000	2,471	3,529
General Supplies	37,000		37,000	35,921	1,079
Energy (Electricity)	38,000		38,000	36,868	1,132
Energy (Natural Gasoline)	72,500	(10,842)	61,658	40,912	20,746
Energy (Gasoline)	20,000		20,000	11,076	8,924
Other Objects	1,200		1,200	339	861.00
Total Custodial Services	<u>527,554</u>		<u>527,554</u>	<u>390,897</u>	<u>136,657</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	1,200	(1,200)			
General Supplies	2,000	2,347	4,347	4,347	
Other Objects	1,800	(1,147)	653		653
Total Care and Upkeep of Grounds	<u>5,000</u>		<u>5,000</u>	<u>4,347</u>	<u>653</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Student Transportation Services					
Salary for Pupil Transportation (Between Home & School) - Regular	\$ 18,194	\$ (1,727)	\$ 16,467	\$ 14,863	\$ 1,604
Salary for Pupil Transportation (Between Home & School) - Special Education	59,521		59,521	52,573	6,948
Management Fee - ESCs & CTSA's	12,263	977	13,240	13,240	
Cleaning, Repair and Maintenance Services	6,000	1,727	7,727	7,727	
Rental Payments - School Buses	1,000		1,000		1,000
Contracted Services:					
Between Home and School - Vendors	257,693		257,693	252,495	5,198
Other Than Between Home and School	17,754		17,754	95	17,659
Special Education Students - Joint Agreements	62,446		62,446	34,240	28,206
Aid in Lieu - Nonpublic Schools	14,203	7,797	22,000	10,005	11,995
Aid in Lieu - Choice Schools	2,029		2,029	1,334	695
Special Education Students - ESCs & CTSA's	306,577	(38,992)	267,585	96,415	171,170
Transportation Supplies	3,000		3,000	2,108	892
Other Objects	2,000	(977)	1,023	270	753
<b>Total Student Transportation Services</b>	<b>762,680</b>	<b>(31,195)</b>	<b>731,485</b>	<b>485,365</b>	<b>246,120</b>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	\$ 72,157	\$ (1,500)	\$ 70,657	\$ 51,904	\$ 18,753
Other Retirement Contributions - PERS	43,000	(1,805)	41,195	37,388	3,807
Other Retirement Contributions-ERIP		1,221	1,221	1,221	
Other Retirement Contributions - Regular		584	584	584	
Unemployment Compensation	15,000		15,000	12,904	2,096
Workmen's Compensation	40,700		40,700	35,836	4,864
Health Benefits	1,122,696	(114,187)	1,008,509	719,830	288,679
Tuition Reimbursement	18,500		18,500	12,000	6,500
Other Employee Benefits	35,508		35,508	28,372	7,136
Total Unallocated Benefits	1,347,561	(115,687)	1,231,874	900,039	331,835
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				169,422	(169,422)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				448,645	(448,645)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				8,041	(8,041)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				379	(379)
TPAF Social Security (Reimbursed - Non-Budgeted)				162,361	(162,361)
Total On-Behalf Contributions				788,848	(788,848)
Total Employee Benefits	1,347,561	(115,687)	1,231,874	1,688,887	(457,013)
Total Undistributed Expenses	6,754,870	(255,671)	6,499,199	5,756,085	743,114
<b>TOTAL GENERAL CURRENT EXPENSE</b>	8,646,466	(227,615)	8,418,851	7,477,978	940,873

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Required Maintenance for School Facilities	\$ 96,546		\$ 96,546	\$ 49,312	\$ 47,234
Total Equipment	96,546		96,546	49,312	47,234
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	5,000	\$ 3,250	8,250	8,250	
Construction Services	70,000	109,393	179,393	59,393	120,000
Assessment of Debt Service on SDA Funding	993		993	993	
Total Facilities Acquisition and Construction Services	75,993	112,643	188,636	68,636	120,000
<b>TOTAL CAPITAL OUTLAY</b>	<b>172,539</b>	<b>112,643</b>	<b>285,182</b>	<b>117,948</b>	<b>167,234</b>
Transfer of Funds to Charter Schools	322,451	107,472	429,923	429,923	
<b>TOTAL EXPENDITURES</b>	<b>9,141,456</b>	<b>(7,500)</b>	<b>9,133,956</b>	<b>8,025,849</b>	<b>1,108,107</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(96,973)	7,500	(89,473)	2,071,009	2,160,482
Other Financing Sources/(Uses):					
Transfer - Special Revenue Fund		(21,799)	(21,799)	(21,799)	
Transfer - Food Service Fund		(7,500)	(7,500)	(7,500)	
Total Other Financing Sources/(Uses)		(29,299)	(29,299)	(29,299)	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(96,973)	(21,799)	(118,772)	2,041,710	2,160,482
Fund Balance, July 1	976,904		976,904	976,904	
Fund Balance, June 30	\$ 879,931	\$ (21,799)	\$ 858,132	\$ 3,018,614	\$ 2,160,482



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
<u>Restricted:</u>					
Excess Surplus - For 2020-2021 School Year	\$			133,517	
Capital Reserve				1,678,676	
Maintenance Reserve				136,889	
Tuition Reserve				132,659	
Impact Aid General Fund Reserve				183,963	
<u>Assigned:</u>					
Year-End Encumbrances				318,128	
For Subsequent Year's Expenditures				110,140	
Unassigned Fund Balance				324,642	
				<u>3,018,614</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				(255,349)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,763,265</u>	

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources		\$ 730,296	\$ 730,296	\$ 512,016	\$ 218,280
Federal Sources	\$ 257,622	132,893	390,515	346,462	44,053
Total Revenues	257,622	863,189	1,120,811	858,478	262,333
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		21,799	21,799	21,799	
Total Revenues and Other Financing Sources	257,622	884,988	1,142,610	880,277	262,333
EXPENDITURES:					
Instruction:					
Salaries of Teachers	85,015	173,588	258,603	199,969	58,634
Other Salaries for Instruction		90,132	90,132	86,371	3,761
Other Purchased Services		2,000	2,000		2,000
Tuition	85,015	14,185	99,200	99,200	
General Supplies	87,591	206,641	294,232	243,512	50,720
Total Instruction	257,622	486,545	744,167	629,052	115,115
Support Services:					
Salaries of Supervisors of Instruction		35,000	35,000	18,769	16,231
Salaries of Other Professional Staff		5,000	5,000	5,000	
Other Salaries		35,100	35,100	14,019	21,081
Salaries of Community Parent Involvement Specialists		5,000	5,000	5,000	
Salaries of Master Teachers		59,201	59,201	56,352	2,849
Personal Services - Employee Benefits		140,240	140,240	102,623	37,617
Purchased Professional-Educational Services		5,000	5,000		5,000
Other Purchased Professional Services		1,000	1,000	333	667
Other Purchased Services		43,229	43,229	27,379	15,850
Travel		4,000	4,000		4,000
Supplies and Materials		10,673	10,673	9,756	917
Total Support Services		343,443	343,443	239,231	104,212
Facilities Acquisition and Construction Services:					
Instructional Equipment		50,000	50,000	7,553	42,447
Non-Instructional Equipment		5,000	5,000	4,441	559
Total Facilities Acquisition and Construction Services		55,000	55,000	11,994	43,006
Total Expenditures	\$ 257,622	\$ 884,988	\$ 1,142,610	\$ 880,277	\$ 262,333

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,096,858	\$ 880,277
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(84,628)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	257,993	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(255,349)</u>	<u>(74,846)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,099,502</u>	<u>\$ 720,803</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,025,849	\$ 880,277
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		<u>(84,628)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,025,849</u>	<u>\$ 795,649</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act				CARES Emergency Relief
	Title I	Title I Reallocated	Title IIA	Title IV	
REVENUE:					
State Sources					
Federal Sources	\$ 133,238	\$ 5,341	\$ 9,654	\$ 10,000	\$ 84,628
Total Revenue	<u>133,238</u>	<u>5,341</u>	<u>9,654</u>	<u>10,000</u>	<u>84,628</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Salaries for Instruction					
Tuition					
General Supplies	133,238	5,341		10,000	57,249
Total Instruction	<u>133,238</u>	<u>5,341</u>		<u>10,000</u>	<u>57,249</u>
Support Services:					
Salaries of Supervisors of Instruction					
Salaries of Other Professional Staff					
Other Salaries					
Salaries of Community Parent Involvement Specialists					
Salaries of Master Teachers					
Personal Services - Employee Benefits					
Other Purchased Professional Services					
Other Purchased Services					27,379
Supplies and Materials			9,654		
Total Support Services			<u>9,654</u>		<u>27,379</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>\$ 133,238</u>	<u>\$ 5,341</u>	<u>\$ 9,654</u>	<u>\$ 10,000</u>	<u>\$ 84,628</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>I.D.E.A.</u>		<u>Preschool Education Aid</u>	<u>Total</u>
	<u>Basic</u>	<u>Preschool</u>		
REVENUE:				
State Sources			\$ 512,016	\$ 512,016
Federal Sources	\$ 99,200	\$ 4,401		346,462
Total Revenue	<u>99,200</u>	<u>4,401</u>	<u>512,016</u>	<u>858,478</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund			21,799	21,799
Total Revenues and Other Financing Sources			<u>533,815</u>	<u>880,277</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			199,969	199,969
Other Salaries for Instruction			86,371	86,371
Tuition	99,200			99,200
General Supplies		4,401	33,283	243,512
Total Instruction	<u>99,200</u>	<u>4,401</u>	<u>319,623</u>	<u>629,052</u>
Support Services:				
Salaries of Supervisors of Instruction			18,769	18,769
Salaries of Other Professional Staff			5,000	5,000
Other Salaries			14,019	14,019
Salaries of Community Parent Involvement Specialists			5,000	5,000
Salaries of Master Teachers			56,352	56,352
Personal Services - Employee Benefits			102,623	102,623
Other Purchased Professional Services			333	333
Other Purchased Services				27,379
Supplies and Materials			102	9,756
Total Support Services			<u>202,198</u>	<u>239,231</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment			7,553	7,553
Non-Instructional Equipment			4,441	4,441
Total Facilities Acquisition and Construction Services			<u>11,994</u>	<u>11,994</u>
Total Expenditures	<u>\$ 99,200</u>	<u>\$ 4,401</u>	<u>\$ 533,815</u>	<u>\$ 880,277</u>



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 258,603	\$ 199,969	\$ 58,634
Other Salaries for Instruction	90,132	86,371	3,761
Other Purchased Services	2,000		2,000
General Supplies	55,800	33,283	22,517
<b>Total Instruction</b>	<b>406,535</b>	<b>319,623</b>	<b>86,912</b>
<b>Support Services:</b>			
Salaries of Supervisors of Instruction	35,000	18,769	16,231
Salaries of Other Professional Staff	5,000	5,000	
Other Salaries	35,100	14,019	21,081
Salaries of Community Parent Involvement Spec.	5,000	5,000	
Salaries of Master Teachers	59,201	56,352	2,849
Personal Services – Employee Benefits	140,240	102,623	37,617
Purchased Professional - Educational Services	5,000		5,000
Other Purchased Professional Services	1,000	333	667
Contractual Services - Transportation	2,000		2,000
Travel	2,000		2,000
Supplies and Materials	1,019	102	917
<b>Total Support Services</b>	<b>290,560</b>	<b>202,198</b>	<b>88,362</b>
<b>Equipment:</b>			
Instructional equipment	50,000	7,553	42,447
Noninstructional Equipment	5,000	4,441	559
<b>Total Equipment</b>	<b>55,000</b>	<b>11,994</b>	<b>43,006</b>
<b>Total Expenditures</b>	<b>\$ 752,095</b>	<b>\$ 533,815</b>	<b>\$ 218,280</b>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2019-2020 Preschool Education Aid Allocation	\$ 730,296
Actual Preschool Expansion Aid Carryover (June 30, 2019)	-0-
Add: Budgeted Transfer from General Fund 2019-20	21,799
Add: Budgeted Tuition 2019-20	-0-
<b>Total Preschool Education Aid Funds Available for 2018-2019</b>	<b>752,095</b>
Less: 2019-2020 Budgeted Preschool Education Expansion Aid Funds Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2020	(752,095)
	-0-
Add: June 30, 2020 Unexpended Preschool Education Expansion Aid	218,280
Less: 2019-2020 Commissioner Approved Transfer to the General Fund	-0-
<b>2019-2020 Carryover - Preschool Education Expansion Aid</b>	<b>\$ 218,280</b>
<b>2019-2020 Carryover - Preschool Education Expansion Aid Budgeted for Preschool Programs in 2020-2021</b>	<b>\$ -0-</b>

**CAPITAL PROJECTS FUND  
(NOT APPLICABLE)**

## **PROPRIETARY FUNDS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care</u>	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents		\$ 1,046	\$ 1,046
Interfund Receivable			
General Fund	\$ 3,775		3,775
Food Service		4,499	4,499
Intergovernmental Receivable:			
Federal	4,430		4,430
State	43		43
Other Accounts Receivable	3,753		3,753
Total Current Assets	12,001	5,545	17,546
Non-Current Assets:			
Capital Assets	22,205		22,205
Less: Accumulated Depreciation	(15,332)		(15,332)
Total Non-Current Assets	6,873		6,873
Total Assets	18,874	5,545	24,419
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Payable - Before and After Care	4,499		4,499
Accounts Payable		877	877
Total Current Liabilities	4,499	877	5,376
<b>NET POSITION:</b>			
Investment in Capital Assets	6,873		6,873
Unrestricted	7,502	4,668	12,170
Total Net Position	\$ 14,375	\$ 4,668	\$ 19,043

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non-Major Funds		Totals
	Food Service	Before and After Care	
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 8,623		\$ 8,623
Non-Reimbursable Programs	853		853
Other Income		\$ 14,308	14,308
Total Operating Revenue	9,476	14,308	23,784
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	65,214		65,214
Non-Reimbursable Programs	6,450		6,450
Supplies, Insurance & Other Costs	3,537		3,537
Miscellaneous Expenditures	333	9,640	9,973
Total Operating Expenses	75,534	9,640	85,174
Operating Income/(Loss)	(66,058)	4,668	(61,390)
Non-Operating Revenue:			
Local Sources:			
Interest Income	2		2
State Sources:			
State School Lunch Program	611		611
COVID - Seamless Summer Option	43		43
Federal Sources:			
National School Lunch Program	32,763		32,763
School Breakfast Program	16,445		16,445
COVID - Seamless Summer Option	4,430		4,430
Food Distribution Program	3,537		3,537
Total Non-Operating Revenue	57,831		57,831
Change in Net Position before Other Items	(8,227)	4,668	(3,559)
Other Items:			
Transfer In - General Fund	7,500		7,500
Total Other Items	7,500		7,500
Change in Net Position	(727)	4,668	3,941
Net Position - Beginning of Year	15,102		15,102
Net Position - End of Year	\$ 14,375	\$ 4,668	\$ 19,043

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 10,369	\$ 14,308	\$ 24,677
Payments to Suppliers for Goods and Services	(78,645)	(8,763)	(87,408)
Net Cash Provided by/(Used for) Operating Activities	<u>(68,276)</u>	<u>5,545</u>	<u>(62,731)</u>
Cash Flows from Noncapital and Financing Activities:			
State Sources	684		684
Federal Sources	54,770		54,770
Transfer In/(From):			
General Fund	7,500		7,500
Before and After Care	4,499	(4,499)	
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>67,453</u>	<u>(4,499)</u>	<u>62,954</u>
Cash Flows from Investment Activities:			
Interest Income	2		2
Net Cash Provided by Investing Activities	<u>2</u>		<u>2</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(821)	1,046	225
Cash and Cash Equivalents, July 1	<u>821</u>		<u>821</u>
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>	<u>\$ 1,046</u>	<u>\$ 1,046</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (66,058)	\$ 4,668	\$ (61,390)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Food Distribution Program	3,537		3,537
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	893		893
Increase/(Decrease) in Accounts Payable	(6,648)	877	(5,771)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (68,276)</u>	<u>\$ 5,545</u>	<u>\$ (62,731)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized U.S.D.A. Commodities through the Food Distribution Program valued at \$3,537.

## **FIDUCIARY FUNDS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Agency		Total	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
	Student Activity	Payroll				
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 1,498	\$ 166,539	\$ 168,037	\$ 373	\$ 125	\$ 1,124
Interfund Receivable:						
General Fund		18,768	18,768			
Payroll Agency Fund					2,559	
<b>Total Assets</b>	1,498	185,307	186,805	373	2,684	1,124
<b>LIABILITIES:</b>						
Payroll Deductions and Withholdings		63,419	63,419			
Accrued Salaries and Wages		119,329	119,329			
Interfund Payable:						
General Fund					2,684	
Flexible Spending Trust		2,559	2,559			
Due to Student Groups	1,498		1,498			
<b>Total Liabilities</b>	1,498	185,307	186,805		2,684	
<b>NET POSITION:</b>						
Held in Trust for Unemployment Claims Restricted for Scholarships				373		1,124
<b>Total Net Position</b>	\$ -0-	\$ -0-	\$ -0-	\$ 373	\$ -0-	\$ 1,124



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Budget Appropriation	\$ 12,000	
Investment Earnings:		
Interest	1	\$ 1
Total Additions	<u>12,001</u>	<u>1</u>
DEDUCTIONS:		
Unemployment Claims	11,795	
Scholarships Awarded		150
Total Deductions	<u>11,795</u>	<u>150</u>
Change in Net Position	206	(149)
Net Position - Beginning of the Year	<u>167</u>	<u>1,273</u>
Net Position - End of the Year	<u>\$ 373</u>	<u>\$ 1,124</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,583	\$ 1	\$ 86	\$ 1,498
Total Assets	<u>\$ 1,583</u>	<u>\$ 1</u>	<u>\$ 86</u>	<u>\$ 1,498</u>
 <b>LIABILITIES:</b>				
Due to Student Groups	\$ 1,583	\$ 1	\$ 86	\$ 1,498
Total Liabilities	<u>\$ 1,583</u>	<u>\$ 1</u>	<u>\$ 86</u>	<u>\$ 1,498</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 141,043	\$ 3,955,196	\$ 3,929,700	\$ 166,539
Interfund Receivable - General Fund	19,690		922	18,768
Total Assets	<u>\$ 160,733</u>	<u>\$ 3,955,196</u>	<u>\$ 3,930,622</u>	<u>\$ 185,307</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 31,176	\$ 3,835,882	\$ 3,803,639	\$ 63,419
Accrued Salaries and Wages - Summer Pay	126,998	119,314	126,983	119,329
Interfund Payable:				
Flexible Spending Trust	<u>2,559</u>			<u>2,559</u>
Total Liabilities	<u>\$ 160,733</u>	<u>\$ 3,955,196</u>	<u>\$ 3,930,622</u>	<u>\$ 185,307</u>

**LONG-TERM DEBT  
(NOT APPLICABLE)**

## **STATISTICAL SECTION**

(Unaudited)

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

### **Contents**

### **Exhibit**

#### **Financial Trends**

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

J-1 thru J-5

#### **Revenue Capacity**

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

J-6 thru J-9

#### **Debt Capacity**

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

J-10 thru J-13

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

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

J-14 thru J-15

#### **Operating Information**

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

J-16 thru J-20

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,610,304	\$ 1,612,432	\$ 1,708,946	\$ 1,678,271	\$ 1,635,421	\$ 1,641,163	\$ 1,589,327	\$ 1,477,500	\$ 1,731,032	\$ 1,696,173
Restricted	173,490	210,789	167,712	167,802	366,610	217,703	444,003	611,767	519,791	2,265,704
Unrestricted / (Deficit)	35,298	460,526	365,556	(437,219)	(997,991)	(997,862)	(1,084,670)	(1,122,232)	(1,114,653)	(843,721)
<b>Total governmental activities net position</b>	<b>\$ 1,819,092</b>	<b>\$ 2,283,747</b>	<b>\$ 2,242,214</b>	<b>\$ 1,408,854</b>	<b>\$ 1,004,040</b>	<b>\$ 861,004</b>	<b>\$ 948,660</b>	<b>\$ 967,035</b>	<b>\$ 1,136,170</b>	<b>\$ 3,118,156</b>
<b>Business-type Activities:</b>										
Investment in Capital Assets	\$ 3,043	\$ 4,956	\$ 4,521	\$ 10,261	\$ 9,414	\$ 8,567	\$ 7,720	\$ 6,873	\$ 6,873	\$ 6,873
Unrestricted	35,936	34,544	37,718	30,498	35,183	28,288	23,663	25,443	8,229	12,170
<b>Total business-type activities net position</b>	<b>\$ 38,979</b>	<b>\$ 39,500</b>	<b>\$ 42,239</b>	<b>\$ 40,759</b>	<b>\$ 44,597</b>	<b>\$ 36,855</b>	<b>\$ 31,383</b>	<b>\$ 32,316</b>	<b>\$ 15,102</b>	<b>\$ 19,043</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 1,613,347	\$ 1,617,388	\$ 1,713,467	\$ 1,688,532	\$ 1,644,835	\$ 1,649,730	\$ 1,597,047	\$ 1,484,373	\$ 1,737,905	\$ 1,703,046
Restricted	173,490	210,789	167,712	167,802	366,610	217,703	444,003	611,767	519,791	2,265,704
Unrestricted / (Deficit)	71,234	495,070	403,274	(406,721)	(962,808)	(969,574)	(1,061,007)	(1,096,789)	(1,106,424)	(831,551)
<b>Total District Net Position</b>	<b>\$ 1,858,071</b>	<b>\$ 2,323,247</b>	<b>\$ 2,284,453</b>	<b>\$ 1,449,613</b>	<b>\$ 1,048,637</b>	<b>\$ 897,859</b>	<b>\$ 980,043</b>	<b>\$ 999,351</b>	<b>\$ 1,151,272</b>	<b>\$ 3,137,199</b>

**TOWNSHIP OF MONTAGUE SCHOOL DISTRICT**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 2,231,773	\$ 2,298,956	\$ 2,372,899	\$ 2,307,831	\$ 2,998,252	\$ 3,007,195	\$ 3,811,914	\$ 3,712,881	\$ 3,401,524	\$ 3,332,792
Special Education	784,326	572,636	786,905	770,358	801,762	871,760	866,380	830,413	621,940	330,696
Other Special Instruction	221,075	253,641	254,279	280,339	41,492	367,078	175,318	390,352	243,414	
School-Sponsored Instruction	93,154	106,353	124,272	132,455	63,561	6,482	12,425	4,209	3,232	18,676
Support Services:										
Student & Instruction Related Services	2,587,292	2,819,372	3,125,710	2,630,728	4,075,329	3,662,932	3,274,490	3,333,708	3,813,923	3,145,906
General Administrative Services	293,982	383,838	324,532	336,638	276,959	387,956	326,777	379,971	338,224	473,808
School Administrative Services	106,341	108,593	126,779	127,090	172,573	177,903	136,434	144,743	91	4,008
Central Services	123,846	202,833	211,743	201,156	177,044	182,613	124,627	178,276	257,666	178,664
Administration Information Technology	59,688						8,169	87,486	197,015	94,411
Plant Operations and Maintenance	504,207	521,967	570,642	590,550	538,050	554,997	583,386	489,112	592,107	505,300
Pupil Transportation	725,546	848,952	861,388	929,334	1,011,551	1,006,746	955,273	1,040,205	948,393	534,466
Charter Schools	919,957	726,638	702,967	761,756	573,397	463,836	441,269	286,070	492,527	429,923
Capital Outlay				993	17,184					
Interest on Long-term Debt	28,666	25,558	17,493	15,607	3,498	2,474				
Total Governmental Activities Expenses	8,679,853	8,869,337	9,479,609	9,084,835	10,750,652	10,691,972	10,716,462	10,877,426	10,910,056	9,048,650
Business-type Activities:										
Food Service	95,254	108,235	107,825	107,342	98,249	107,130	86,414	101,670	100,775	75,534
Before and After Care										9,640
Total Business-type Activities Expenses	95,254	108,235	107,825	107,342	98,249	107,130	86,414	101,670	100,775	85,174
Total District Expenses	8,775,107	8,977,572	9,587,434	9,192,177	10,848,901	10,799,102	10,802,876	10,979,096	11,010,831	9,133,824
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)									19,450	
Operating Grants and Contributions	1,340,307	1,377,013	1,481,482	1,373,284	2,284,675	2,395,326	2,754,448	2,808,509	2,596,674	2,384,165
Capital Grants and Contributions	105,556									
Total Governmental Activities Program Revenues	1,445,863	1,377,013	1,481,482	1,373,284	2,284,675	2,395,326	2,754,448	2,808,509	2,616,124	2,384,165

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

(accrual basis of accounting)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Program Revenues</b>										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 27,168	\$ 23,184	\$ 21,623	\$ 17,416	\$ 14,718	\$ 13,696	\$ 12,129	\$ 39,558	\$ 18,943	\$ 9,476
Before and After Care										14,308
Operating Grants and Contributions	79,558	83,244	88,933	88,435	87,362	85,688	68,808	37,566	69,292	57,829
Total Business-type Activities Revenues	106,726	106,428	110,556	105,851	102,080	99,384	80,937	77,124	88,235	81,613
Total District Program Revenues	1,552,589	1,483,441	1,592,038	1,479,135	2,386,755	2,494,710	2,835,385	2,885,633	2,704,359	2,465,778
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(7,233,990)	(7,492,324)	(7,998,127)	(7,711,551)	(8,465,977)	(8,296,646)	(7,962,014)	(8,068,917)	(8,293,932)	(6,664,485)
Business-type Activities	11,472	(1,807)	2,731	(1,491)	3,831	(7,746)	(5,477)	(24,546)	(12,540)	(3,561)
Total District-wide Net Expense	(7,222,518)	(7,494,131)	(7,995,396)	(7,713,042)	(8,462,146)	(8,304,392)	(7,967,491)	(8,093,463)	(8,306,472)	(6,668,046)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	5,298,120	5,404,082	5,447,314	5,556,260	5,667,385	5,780,732	5,780,732	5,896,347	6,256,056	6,552,974
Taxes Levied for Debt Service	77,086	130,469	123,414	124,525	124,637	122,378	2,008			
Unrestricted Grants and Contributions	2,114,510	2,381,601	2,361,340	2,220,065	2,245,946	2,244,711	2,225,159	2,185,393	2,176,829	2,088,287
Investment Earnings	31	2,922	1,749	2,423	1,174	1,240	7,343	2,464	2,840	2,770
Miscellaneous Income	28,105	40,181	22,777	3,163	20,273	4,549	34,428	28,164	50,870	9,940
Transfers		(2,276)			1,748			(25,076)	(23,528)	(7,500)
Total Governmental Activities	7,517,852	7,956,979	7,956,594	7,906,436	8,061,163	8,153,610	8,049,670	8,087,292	8,463,067	8,646,471
Business-type Activities:										
Investment Earnings	59	52	8	11	7	4	5	3	1	2
Transfers		2,276						25,476	23,528	7,500
Other Items									(28,203)	
Total Business-type Activities	59	2,328	8	11	7	4	5	25,479	(4,674)	7,502
Total District-wide	7,517,911	7,959,307	7,956,602	7,906,447	8,061,170	8,153,614	8,049,675	8,112,771	8,458,393	8,653,973
<b>Change in Net Position</b>										
Governmental Activities	\$ 283,862	\$ 464,655	\$ (41,533)	\$ 194,885	\$ (404,814)	\$ (143,036)	\$ 87,656	\$ 18,375	\$ 169,135	\$ 1,981,986
Business-type Activities	11,531	521	2,739	(1,480)	3,838	(7,742)	(5,472)	933	(17,214)	3,941
Total District	\$ 295,393	\$ 465,176	\$ (38,794)	\$ 193,405	\$ (400,976)	\$ (150,778)	\$ 82,184	\$ 19,308	\$ 151,921	\$ 1,985,927

Source: School District Financial Reports.



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)

UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund:</b>										
Restricted	\$ 152,576	\$ 210,760	\$ 167,687	\$ 167,802	\$ 366,610	\$ 214,962	\$ 439,254	\$ 607,018	\$ 519,791	\$ 2,265,704
Assigned	179,244	370,616	252,135	556,989	85,601	174,218	247,538	149,623	96,973	428,268
Unassigned	186,927	361,530	344,274	212,471	62,020			79,473	102,147	69,293
<b>Total General Fund</b>	<b>\$ 518,747</b>	<b>\$ 942,906</b>	<b>\$ 764,096</b>	<b>\$ 937,262</b>	<b>\$ 514,231</b>	<b>\$ 389,180</b>	<b>\$ 686,792</b>	<b>\$ 836,114</b>	<b>\$ 718,911</b>	<b>\$ 2,765,265</b>
<b>All Other Governmental Funds:</b>										
Restricted			\$ 25		\$ 2,741	\$ 4,749	\$ 4,749	\$ 4,749		
Committed					\$ 31,332	80,332	80,332	80,332		
Unassigned / (Deficit)	\$ (158,330)	\$ (112,730)	(68,409)	\$ (21,917)	(2,008)					\$ (74,846)
<b>Total All Other Governmental Funds/(Deficit)</b>	<b>\$ (158,330)</b>	<b>\$ (112,730)</b>	<b>\$ (68,384)</b>	<b>\$ (21,917)</b>	<b>\$ 29,324</b>	<b>\$ 83,073</b>	<b>\$ 85,081</b>	<b>\$ 85,081</b>	<b>\$ -0-</b>	<b>\$ (74,846)</b>
<b>Total All Governmental Funds:</b>										
Restricted	\$ 152,576	\$ 210,760	\$ 167,712	\$ 167,802	\$ 366,610	\$ 217,703	\$ 444,003	\$ 611,767	\$ 519,791	\$ 2,265,704
Committed					31,332	80,332	80,332	80,332		
Assigned	179,244	370,616	252,135	556,989	85,601	174,218	247,538	149,623	96,973	428,268
Unassigned / (Deficit)	186,927	248,800	275,865	190,554	60,012			79,473	102,147	(5,553)
<b>Total All Governmental Funds</b>	<b>\$ 518,747</b>	<b>\$ 830,176</b>	<b>\$ 695,712</b>	<b>\$ 915,345</b>	<b>\$ 543,555</b>	<b>\$ 472,253</b>	<b>\$ 771,873</b>	<b>\$ 921,195</b>	<b>\$ 718,911</b>	<b>\$ 2,688,419</b>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	\$ 5,375,206	\$ 5,534,551	\$ 5,570,728	\$ 5,680,785	\$ 5,792,022	\$ 5,903,110	\$ 5,782,740	\$ 5,896,347	\$ 6,256,056	\$ 6,552,974
Tuition from Individuals									19,450	
Interest Earnings	28,136	85	153	115	1,174	1,240	7,343	2,464	2,840	2,770
Miscellaneous		42,918	24,373	5,471	20,273	4,549	34,428	28,164	50,870	9,940
State Sources	3,066,642	3,101,513	3,295,621	3,273,397	3,324,954	3,417,531	3,351,686	3,546,767	3,481,004	3,794,813
Federal Sources	493,731	657,101	558,284	319,952	611,857	473,627	398,008	272,621	598,471	438,009
<b>Total Revenues</b>	<b>8,963,715</b>	<b>9,336,168</b>	<b>9,449,159</b>	<b>9,279,720</b>	<b>9,750,280</b>	<b>9,800,057</b>	<b>9,574,205</b>	<b>9,746,363</b>	<b>10,408,691</b>	<b>10,798,506</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	1,598,512	1,649,861	1,681,813	1,663,814	1,806,233	1,646,499	1,822,591	1,821,876	1,808,214	2,012,408
Special Education Instruction	608,627	441,953	568,109	555,804	429,140	472,673	422,331	432,443	292,387	172,503
Other Special Instruction	215,119	248,082	249,755	275,142	40,838	178,410	74,075	175,554	112,246	
School Sponsored Activities and Athletics	3,599	3,250	3,775	3,600	3,850	3,150	5,250	1,893	1,835	9,585
<b>Support Services:</b>										
Student & Instruction Related Services	2,420,156	2,611,494	2,871,226	2,455,315	3,851,721	3,431,945	3,017,419	3,171,083	3,548,720	2,867,355
General Administrative Services	242,437	331,468	263,365	287,355	228,093	324,650	276,441	294,595	288,609	377,927
School Administrative Services	74,345	75,685	85,648	87,301	92,236	87,358	59,578	59,986	88	2,870
Central Services	93,413	153,594	159,799	155,401	131,922	134,660	86,707	134,640	197,567	126,006
Administration Information Technology	44,794						5,573	71,631	163,176	74,799
Plant Operations and Maintenance	442,502	466,601	502,796	515,093	455,828	437,925	486,884	403,161	510,846	443,928
Pupil Transportation	694,822	824,317	837,060	901,123	972,826	962,829	907,943	996,675	907,321	485,365
Unallocated Benefits	1,182,010	1,154,015	1,398,148	1,302,601	1,432,413	1,569,409	1,589,231	1,680,788	1,869,359	1,688,887
Charter Schools	919,957	726,638	702,967	761,756	573,397	463,836	441,269	286,070	492,527	429,923
Capital Outlay	265,133	75,055	161,964	993	15,953	74,354	86,937	41,570	394,552	129,942
Debt Service:										
Principal	70,000	120,575	121,500	127,500	128,500	128,000				
Interest and Other Charges	24,097	27,220	22,198	14,789	9,368	4,661				
<b>Total Expenditures</b>	<b>8,899,523</b>	<b>8,909,808</b>	<b>9,630,123</b>	<b>9,107,587</b>	<b>10,172,318</b>	<b>9,920,359</b>	<b>9,282,229</b>	<b>9,571,965</b>	<b>10,587,447</b>	<b>8,821,498</b>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ 64,192	\$ 426,360	\$ (180,964)	\$ 172,133	\$ (422,038)	\$ (120,302)	\$ 291,976	\$ 174,398	\$ (178,756)	\$ 1,977,008
<b>Other Financing Sources/(Uses)</b>										
Premium on Temporary Note Funded by Budget Appropriation		100				49,000				
Capital Leases (non-budgeted) Transfers		45,575	46,500	47,500	48,500		7,644			
		(2,276)			1,748			(25,076)		(7,500)
Total Other Financing Sources/(Uses)		43,399	46,500	47,500	50,248	49,000	7,644	(25,076)	(23,528)	(7,500)
Net Change in Fund Balances	\$ 64,192	\$ 469,759	\$ (134,464)	\$ 219,633	\$ (371,790)	\$ (71,302)	\$ 299,620	\$ 149,322	\$ (202,284)	\$ 1,969,508
Debt Service as a Percentage of Noncapital Expenditures	1.09%	1.67%	1.52%	1.56%	1.36%	1.35%	0.00%	0.00%	0.00%	0.00%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest</u> <u>Earnings</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2011		\$ 6,425		\$ 21,711	\$ 28,136
2012		2,922	\$ 28,402	11,679	43,003
2013		1,749	4,537	18,240	24,526
2014		2,423		3,163	5,586
2015		1,174	6,269	14,004	21,447
2016		1,240		4,549	5,789
2017		7,343		34,428	41,771
2018		2,464	5,456	22,708	30,628
2019	\$ 19,450	2,840	21,193	29,677	73,160
2020		2,770	68	9,872	12,710

Source: Township of Montague School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2010	\$ 13,010,940	\$ 179,655,000	\$ 8,751,800	\$ 1,189,920	\$ 22,778,000	\$ 2,136,600	\$ 420,000	\$ 227,942,260	\$ 592,314	\$ 228,534,574	\$ 54,002,850	\$ 2.349	\$ 453,597,230
2011	12,562,400	180,529,800	8,853,900	1,095,460	21,018,300	2,136,600	420,000	226,616,460	646,537	227,262,997	54,457,950	2.390	410,086,506
2012	11,832,000	179,693,200	9,455,700	1,290,860	21,018,300	2,136,600	420,000	225,846,660	692,194	226,538,854	54,975,550	2.471	374,978,952
2013	11,878,750	179,701,043	9,339,100	1,146,042	18,932,540	1,899,300	420,000	223,316,775	683,418	224,000,193	55,757,350	2.471	333,192,269
2014	10,862,850	180,125,043	9,638,000	1,159,342	19,083,140	1,899,300	420,000	223,187,675	-0-	223,187,675	55,586,950	2.597	333,175,171
2015 *	16,354,600	263,029,600	14,750,900	1,208,000	35,023,300	27,828,900	448,000	358,643,300	-0-	357,216,400	82,880,000	1.615	342,264,384
2016	16,006,700	262,316,400	14,597,200	1,211,100	34,950,200	27,686,800	448,000	357,216,400	-0-	355,633,400	81,940,900	1.652	351,615,565
2017	15,448,800	261,925,700	14,297,600	936,300	34,950,200	27,626,800	448,000	355,633,400	-0-	355,633,400	82,383,600	1.626	367,140,165
2018	15,394,900	261,024,900	15,036,600	927,500	35,090,000	27,626,800	448,000	355,548,700	-0-	355,548,700	81,987,700	1.626	364,146,167
2019	14,791,800	260,551,500	15,044,100	949,100	35,109,100	27,626,800	448,000	354,520,400	-0-	354,520,400	82,721,500	1.807	368,075,329

\* - Revaluation became effective in this year.

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

b - Tax rates are per \$100.

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

Source: Municipal Tax Assessor.

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

Year Ended December 31,	Township of Montague School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Montague	Sussex County	
2010	\$ 2.315	\$ 0.034	\$ 2.349	\$ 0.469	\$ 0.803	\$ 3.621
2011	2.334	0.056	2.390	0.476	0.768	3.634
2012	2.416	0.055	2.471	0.497	0.769	3.737
2013	2.417	0.054	2.471	0.524	0.756	3.751
2014	2.541	0.056	2.597	0.547	0.780	3.924
2015	* 1.582	0.033	1.615	0.389	0.492	2.496
2016	1.651	0.001	1.652	0.401	0.543	2.596
2017	1.626	-0-	1.626	0.408	0.589	2.623
2018	1.626	-0-	1.626	0.408	0.589	2.623
2019	1.807	-0-	1.807	0.409	0.602	2.818

\* - Revaluation became effective in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2019		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

	2010		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Tri State Mall	\$ 6,598,200	1	2.89%
General Equities	760,300	2	0.33%
Ponky LLC	756,100	3	0.33%
LAC Realty Group	675,000	4	0.30%
McDonald Corporation	660,000	5	0.29%
United Tel Co of NJ C/O Tax Dept	646,537	6	0.28%
Petrozino, LLC	635,000	7	0.28%
442 Montague, LLC	616,900	8	0.27%
Tenneco, Inc C/O Property Tax Dept	600,000	9	0.26%
Montague Fasteners, Inc	582,300	10	0.25%
	\$ 12,530,337		5.48%

Source: Municipal Tax Assessor.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 5,375,206	\$ 5,375,206	100.00%	\$ -0-
2012	5,534,551	5,521,439	99.76%	13,112
2013	5,570,728	5,570,728	100.00%	-0-
2014	5,680,785	5,680,785	100.00%	-0-
2015	5,792,022	5,792,022	100.00%	-0-
2016	5,903,110	5,903,110	100.00%	-0-
2017	5,782,740	5,782,740	100.00%	-0-
2018	5,896,347	5,896,347	100.00%	-0-
2019	6,260,805	6,260,805	100.00%	-0-
2020	6,552,974	6,552,974	100.00%	-0-

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

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



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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2011	\$ 389,000	\$ -0-	\$ 237,075	\$ 626,075	0.34%	\$ 161.82
2012	314,000	-0-	191,500	505,500	0.27%	131.09
2013	239,000	-0-	145,000	384,000	0.20%	100.37
2014	159,000	-0-	97,500	256,500	0.13%	67.62
2015	79,000	-0-	49,000	128,000	0.06%	33.97
2016	-0-	-0-	-0-	-0-	0.00%	-0-
2017	-0-	6,079	-0-	6,079	0.00%	1.64
2018	-0-	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	-0-	0.00%	-0-

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

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2011	\$ 389,000	\$ 389,000	0.170%	\$ 100.54
2012	314,000	314,000	0.138%	81.43
2013	239,000	239,000	0.106%	62.47
2014	159,000	159,000	0.071%	41.92
2015	79,000	79,000	0.035%	20.97
2016	-0-	-0-	0.000%	-0-
2017	-0-	-0-	0.000%	-0-
2018	-0-	-0-	0.000%	-0-
2019	-0-	-0-	0.000%	-0-
2020	-0-	-0-	0.000%	-0-

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

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

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
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 Montague	\$ 1,984,000	100.00%	\$ 1,984,000
Sussex County General Obligation Debt	99,441,765	2.12 %	<u>2,105,300</u>
Subtotal, Overlapping Debt			4,089,300
Township of Montague School District Direct Debt			<u>-0-</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 4,089,300</u></u>

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

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

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

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

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

Year Ended December 31,	Equalized Valuation Basis
2019	\$ 383,887,818
2018	368,673,476
2017	363,744,912
	\$1,116,306,206
Average Equalized Valuation of Taxable Property	\$ 372,102,069
Debt Limit (3% of Average Equalization Value)	\$ 11,163,062 <b>a</b>
Net Bonded School Debt	-0-
Legal Debt Margin	\$ 11,163,062

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 11,149,744	\$ 10,294,423	\$ 8,798,852	\$ 8,798,852	\$ 8,335,111
Total Net Debt Applicable to Limit	389,000	314,000	239,000	159,000	79,000
Legal Debt Margin	\$ 10,760,744	\$ 9,980,423	\$ 8,559,852	\$ 8,639,852	\$ 8,256,111
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.49%	3.05%	2.72%	1.81%	0.95%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 8,366,780	\$ 8,667,852	\$ 9,038,262	\$ 11,007,207	\$ 11,163,062
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	\$ 8,366,780	\$ 8,667,852	\$ 9,038,262	\$ 11,007,207	\$ 11,163,062
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

**a** - Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Sussex County Per Capita Personal Income <sup>b</sup></u>	<u>Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2011	3,856	\$ 49,093	\$ 189,302,608	16.00%
2012	3,826	50,844	194,529,144	15.90%
2013	3,793	51,456	195,172,608	13.00%
2014	3,768	53,818	202,786,224	6.80%
2015	3,728	55,677	207,563,856	5.80%
2016	3,698	56,914	210,467,972	4.80%
2017	3,679	58,717	216,019,843	5.00%
2018	3,664	61,757	226,277,648	4.10%
2019	3,648	61,757 **	225,289,536	3.90%
2020	3,648 *	61,757 **	225,289,536 ***	N/A

\* - Latest population data available (2019) was used for calculation purposes.  
 \*\* - Latest Sussex County per capita personal income available (2018) was used for calculation purposes.  
 \*\*\* - Latest available population data (2019) and latest available Sussex County per capita personal income (2018) was used for calculation purposes.

N/A - Information not available

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 county population and per capita personal income presented  
<sup>c</sup> Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.  
<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2019		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	2	1.40%-7.00%
Newton Medical Center	500-999	3	0.70%-1.40%
Sussex County Offices	500-999	4	0.70%-1.40%
Thorlabs	500-999	5	0.70%-1.40%
Mountain Creek Resort	500-999	6	0.70%-1.40%
Shop Rite	250-499	7	0.35%-0.70%
Sussex County Community College	250-499	8	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	9	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	10	0.14%-0.35%
	<u>4,850-15,740</u>		<u>6.96%-22.59%</u>
Total Employment	<u>71,425</u>		
Employer	2010		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	1	2.61%
Newton Memorial Hospital	1,490	2	1.94%
Selective Insurance	900	3	1.17%
County of Sussex	830	4	1.08%
Mountain Creek Resort	800	5	1.04%
Shop Rite (Ronetco)	697	6	0.91%
Ames Rubber Corp	445	7	0.58%
Walmart	412	8	0.54%
Andover Subacute & Rehab Center	300	9	0.39%
Sussex County Community College	300	10	0.39%
	<u>8,174</u>		<u>10.66%</u>
Total Employment	<u>76,713</u>		

Source: Sussex County Chamber of Commerce

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN 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	24.5	24.5	24.5	24.5	23.5	23.5	19.0	26.5	24.0	26.0
Special Education	4.5	4.5	4.5	4.5	3.5	3.5	8.0	3.5	4.0	4.0
Other Instruction	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0	5.0
Support Services:										
Student & Instruction Related Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.0	3.0
General Administrative Services	2.5	2.5	2.5	2.5	2.5	2.5	2.5	1.0	2.0	1.5
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.0
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	1.0
Administration Information Technology									1.0	1.0
Plant Operations and Maintenance	2.5	2.5	2.5	2.5	2.5	2.5	2.5	4.0	4.0	2.0
Pupil Transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0		2.0	1.0
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0
<b>Total</b>	<b>48.5</b>	<b>48.5</b>	<b>48.5</b>	<b>48.5</b>	<b>46.5</b>	<b>45.5</b>	<b>45.5</b>	<b>49.0</b>	<b>50.5</b>	<b>48.5</b>

Source: District Personnel Records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN 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 Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	302	\$ 8,540,293	\$ 28,279	-1.33%	28.0	11:1	302.1	294.5	4.03%	97.48%
2012	293	8,686,958	29,628	4.77%	28.0	10:1	293.2	281.4	-2.95%	95.98%
2013	273	9,324,461	34,156	15.28%	28.0	10:1	273.0	264.8	-6.89%	97.00%
2014	259	8,964,305	34,611	1.33%	28.0	9:1	259.2	250.2	-5.05%	96.53%
2015	219	10,018,497	45,747	32.17%	26.0	9:1	216.1	206.1	-16.63%	95.37%
2016	226	9,713,344	42,979	-6.05%	26.0	9:1	212.6	199.7	-1.62%	93.92%
2017	250	9,195,292	36,781	-14.42%	27.0	9:1	250.0	233.0	17.59%	93.20%
2018	252	9,530,395	37,819	2.82%	30.0	9:1	245.7	229.5	-1.72%	93.38%
2019	255	10,192,895	39,972	5.69%	28.0	9:1	249.9	234.0	1.70%	93.62%
2020	242	8,691,556	35,916	-10.15%	30.0	9:2	243.0	231.9	-2.75%	95.44%

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Township of Montague School District records.



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>District Building</u></b>										
Elementary School										
Square Feet	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	302	293	273	259	219	226	250	252	255	242

Number of Schools at June 30, 2020

Elementary = 1

Note: Enrollment is based on the annual October District count.

Source: Township of Montague School District Facilities Office.

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

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

	Fiscal Year Ended June 30,				
<u>School Facilities*</u>	2016	2017	2018	2019	2020
Montague Elementary School	\$ 94,229	\$ 153,389	\$ 54,530	\$ 55,225	\$ 48,684
<u>School Facilities*</u>	2011	2012	2013	2014	2015
Montague Elementary School	\$ 112,109	\$ 85,925	\$ 79,877	\$ 96,998	\$ 88,903

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

Source: Township of Montague School District records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property:		
Real and Personal Property	\$ 500,000,000	\$ 1,000 per occurrence
Extra Expense	50,000,000	1,000 per occurrence
Valuable Papers and Records	10,000,000	1,000 per occurrence
Demolition and Increased Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	1,000 per occurrence
Fire Department Service Charge	10,000	
Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Special Flood Hazard Area Flood Zones	25,000,000	500,000 per building
Accounts Receivable	250,000	
All Flood Zones	75,000,000	10,000 per occurrence
Earthquake	50,000,000	
Terrorism	1,000,000	
Electronic Data Processing	215,000	1,000 per occurrence
Equipment Breakdown	100,000,000	
Crime:		
Public Employee Dishonesty with Faithful Performance	500,000	1,000
Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	50,000	500
Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	50,000	500
Forgery or Alteration	50,000	500
Computer Fraud	50,000	500
General Liability	16,000,000	N/A
Automobile	16,000,000	
NJSIG Surety Bonds:		
School Business Administrator/Board Secretary	200,000	1,000
Selective Insurance Surety Bonds:		
Treasurer of School Monies	200,000	1,000

Source: Township of Montague School District records.

## **SINGLE AUDIT SECTION**

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
December 14, 2020

*Nisivoccia LLP*  
NISIVOCCIA LLP

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

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

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Montague Township School District  
County of Sussex, New Jersey.

**Report on Compliance for Each Major State Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

### ***Opinion on Each Major State Program***

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

### **Report on Internal Control Over Compliance**

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

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

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

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

Mount Arlington, New Jersey  
December 14, 2020

*Nisivoccia LLP*

NISIVOCCIA LLP

*Man C Lee*

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



**MONTAGUE TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal CFDA Number	Program/Cluster Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance at June 30, 2020		
					Budgetary Accounts Receivable	Due to Grantor				Budgetary Accounts Receivable	Due to Grantor	
<b>U.S. Department of Agriculture:</b>												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
10.555	Food Distribution Program	N/A	7/1/19-6/30/20	\$ 3,537	\$	3,537	(3,537)					
10.553	School Breakfast Program	N/A	7/1/19-6/30/20	16,445		16,445	(16,445)					
10.553	School Breakfast Program	N/A	7/1/18-6/30/19	20,778	\$ (1,890)	1,890						
10.555	National School Lunch Program	N/A	7/1/19-6/30/20	32,763		32,763	(32,763)					
10.555	COVID - Seamless Summer Option	N/A	3/18/20-6/30/20	4,430			(4,430)			\$ (4,430)		
10.555	National School Lunch Program	N/A	7/1/18-6/30/19	38,177	(3,672)	3,672						
	Total Child Nutrition Cluster/U.S. Department of Agriculture				(5,562)	58,307	(57,175)				(4,430)	
<b>U.S. Department of Education:</b>												
Special Revenue Fund:												
Passed-through State Department of Education:												
Special Education Cluster:												
84.027	I.D.E.A. Part B, Basic	IDEA330020	7/1/19-9/30/20	99,200		99,200	(99,200)				(4,401)	
84.173	I.D.E.A. Preschool	IDEA330020	7/1/19-9/30/20	8,733			(4,401)				(4,401)	
	Total Special Education Cluster					99,200	(103,601)					
Elementary and Secondary Education Act												
	Title I											
84.010	Title I	ESEA330020	7/1/19-9/30/20	133,238		127,146	(133,238)				(6,092)	
84.010	Title I	ESEA330019	7/1/18-9/30/19	283,312		283,312		\$ 61		\$ 61		
84.010	Title I - Reallocated	ESEA330020	7/1/19-9/30/20	5,341		3,188	(5,341)				(2,153)	
84.389	ARRA - Title I	ESEA330019	7/1/18-9/30/19	8,544		8,298		9		9		
	Total Title I					421,944	(138,579)	70			(8,245)	
	Title IIA											
84.367	Title IIA	ESEA330020	7/1/19-9/30/20	9,654		9,654	(9,654)					
84.367	Title IIA	ESEA330019	7/1/18-6/30/19	18,848		18,848						
84.367	Title IIA	ESEA330018	7/1/17-6/30/18	16,311							6,639	
	Total Title IIA					28,502	(9,654)				6,639	
	Title IV											
84.424	Title IV	ESEA330020	7/1/19-9/30/20	10,000		6,356	(10,000)				(3,644)	
84.424	Title IV	ESEA330019	7/1/18-6/30/19	20,000		20,000						
	Total Title IV					26,356	(10,000)				(3,644)	
	CARES Emergency Relief											
84.425D	Total CARES Emergency Relief	ESEA330020	3/1/20-9/30/22	107,125			(84,628)				(84,628)	
	Total Special Revenue Fund					6,639	(346,462)	70			(100,918)	
<b>General Fund:</b>												
Impact Aid												
84.041	40-NI-XXXX-4401		7/1/19-6/30/20	176,175		176,175	(176,175)					
	Total U.S. Department of Education					6,639	(522,637)	70			(100,918)	
	Total Federal Awards					6,639	(579,812)	70			(105,348)	
	N/A - Not Available/Applicable										\$ -0-	

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

**MONTAGUE/TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019		Balance June 30, 2020		MEMO		
				Budgetary Accounts	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary/ GAAP Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
				Receivable						
<b>State Department of Education:</b>										
General Fund State Aid:										
Categorical Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 257,132		\$ 230,779	\$ (257,132)		\$ (26,353)	\$ 257,132	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	1,807,057		1,621,856	(1,807,057)		(185,201)	1,807,057	
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	100,706		90,385	(100,706)		(10,321)	100,706	
Categorical Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	326,614		293,140	(326,614)		(33,474)	326,614	
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	74,352			(74,352)		(74,352)	74,352	
Excess Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	290			(290)		(290)	290	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	162,361		153,626	(162,361)		(8,735)	162,361	
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	169,422		169,422	(169,422)			169,422	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	448,645		448,645	(448,645)			448,645	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	8,041		8,041	(8,041)			8,041	
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-004	7/1/19-6/30/20	379		379	(379)			379	
Categorical Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	257,132	\$ (25,602)	25,602				257,132	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	1,906,677	(189,844)	189,844				1,906,677	
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	100,706	(10,027)	10,027				100,706	
Categorical Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	326,614	(32,520)	32,520				326,614	
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18-6/30/19	106,370	(106,370)	106,370				106,370	
Excess Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	3,770	(3,770)	3,770				3,770	
Homeless Tuition Reimbursement	19-495-034-5120-005	7/1/18-6/30/19	12,259	(12,259)	12,259					
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	168,481	(8,404)	8,404				168,481	
Subtotal - General Fund				(388,796)	3,405,069	(3,354,999)	(83,377)	(338,726)	6,224,749	
Special Revenue Fund Aid:										
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	730,296		655,450	(512,016)		74,846	512,016	
Subtotal - Special Revenue Fund					655,450	(512,016)		74,846	512,016	
Food Service Fund:										
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	611		611	(611)			611	
COVID - Seamless Summer Option	20-100-010-3350-023	3/1/20-6/30/20	43			(43)		(43)	43	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	802	(73)	73				802	
Subtotal - Food Service Fund				(73)	684	(654)	(43)	(43)	1,456	
Total State Awards				\$ (388,869)	\$ 4,061,203	\$ (3,867,669)	\$ (83,420)	\$ (263,923)	\$ 6,738,221	
Less: On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	169,422			169,422				
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	448,645			448,645				
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	8,041			8,041				
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-004	7/1/19-6/30/20	379			379				
Subtotal - On-Behalf TPAF Pension System Contributions						626,487				
Total State Awards Subject to Single Audit Major Program Determination						\$ (3,241,182)				

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Montague Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,644 for the General Fund and (\$159,474) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 176,175	\$ 3,357,643	\$ 3,533,818
Special Revenue Fund	261,834	437,170	699,004
Food Service Enterprise Fund	57,175	654	57,829
Total Awards	\$ 495,184	\$ 3,795,467	\$ 4,290,651

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2020. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 and 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. / State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Aid - Public:</u>				
Categorical Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 257,132	\$ 257,132
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	1,807,057	1,807,057
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	100,706	100,706

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.