

**SCHOOL DISTRICT  
OF THE  
TOWNSHIP OF MONTCLAIR**

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

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

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Montclair School District**

**Montclair, New Jersey**

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

**Prepared by**

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

**Finance Department**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7

FINANCIAL SECTION..... 8

Independent Auditors' Report.....	9
-----------------------------------	---

Required Supplementary Information .....	12
Management's Discussion and Analysis .....	13

Basic Financial Statements (Sections A and B) .....	21
---	----

A. District-Wide Financial Statements .....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities.....	24

B. Fund Financial Statements.....	26
B-1 Balance Sheet – Governmental Funds .....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	29
B-4 Statement of Net Position – Proprietary Funds.....	30
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	31
B-6 Statement of Cash Flows – Proprietary Funds.....	32
B-7 Statement of Fiduciary Net Position – Fiduciary Funds .....	33
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	34

Notes to the Basic Financial Statements.....	35
--	----

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

Schedules of Required Supplementary Information.....	77
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment	
Benefits Other than Pensions.....	78
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System .....	78
L-2 Schedule of District Contributions – Public Employees' Retirement System.....	79
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund.....	80
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund .....	81
L-5 Schedule of District's Proportionate Share of the Net Pension Liability – Board of Education Employees' Pension Fund of Essex County.....	82
L-6 Schedule of District Contributions – Board of Education Employees' Pension Fund of Essex County .....	83
L-7 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios.....	84
Notes to Required Supplementary Information .....	85
C. Budgetary Comparison Schedules.....	88
C-1 Budgetary Comparison Schedule – Budgetary Basis – General Fund.....	89
C-2 Budgetary Comparison Schedule – Budgetary Basis – Special Revenue Fund.....	103
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information .....	105
Other Supplementary Schedules (D.-I.)	
D. School Level Schedules (Not Applicable).....	107
E. Special Revenue Fund .....	108
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	109
E-2 Pre-School Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.) (Cont'd)

F.	Capital Projects Fund.....	112
F-1	Summary Schedule of Revenue Expenditures, and Changes in Fund Balance – Budgetary Basis.....	113
F-1a	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Various Projects – Township Ordinance #2019-002.....	114
F-1b	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – High School Stair Towers – Township Ordinance #2019-006.....	115
F-1c	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Various Projects – Township Ordinance #2018-017.....	116
F-1d	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Various Projects – Township Ordinance #2016-12.....	117
F-1e	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Various Projects – Township Ordinance #2015-24.....	118
F-1f	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Various Projects – Township Ordinance #2012-32.....	119
F-1g	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Various Projects – Township Ordinance #2008-14.....	120
F-1h	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – District Wide School Renovations .....	121
F-1i	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Montclair High School/Hillside Elementary School – Various Floor Replacements.....	122
F-1j	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Montclair High School Elevator Replacements/Upgrades.....	123
G.	Proprietary Funds.....	124
	Enterprise Fund:	
G-1	Combining Statement of Net Position .....	125
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	126
G-3	Combining Statement of Cash Flows .....	127
H.	Fiduciary Funds .....	129
H-1	Combining Statement of Net Position .....	130
H-2	Statement of Changes in Net Position .....	131
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	132
H-4	Student Activity Agency Fund Statement of Activity .....	133
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements .....	134

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.) (Cont'd)

I. Long-Term Debt.....	135
I-1 Statement of Obligations Under Capital Leases .....	136
J. Statistical Section (Unaudited).....	137
J-1 Net Position by Component.....	138
J-2 Changes in Net Position.....	139
J-3 Fund Balances - Governmental Funds.....	141
J-4 Changes in Fund Balance – Governmental Funds .....	142
J-5 General Fund Other Local Revenue by Source .....	143
J-6 Assessed Value and Actual Value of Taxable Property .....	144
J-7 Direct and Overlapping Property Tax Rates .....	145
J-8 Principal Property Tax Payers .....	146
J-9 Property Tax Levies and Collections.....	147
J-10 Ratios of Outstanding Debt by Type .....	148
J-11 Ratios of Net General Bonded Debt Outstanding (Not Applicable) .....	149
J-12 Ratios of Overlapping Governmental Activities Debt.....	150
J-13 Legal Debt Margin Information.....	151
J-14 Demographic and Economic Statistics .....	152
J-15 Principal Employers.....	153
J-16 Full-Time Equivalent District Employees by Function/Program .....	154
J-17 Operating Statistics .....	155
J-18 School Building Information .....	156
J-19 Schedule of Required Maintenance for School Facilities .....	158
J-20 Insurance Schedule .....	159
K. Single Audit Section.....	160
K-1 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 <i>Government Auditing Standards</i> .....	161
K-2 Independent Auditors’ Report on Compliance For Each Major Federal and State Program; Report on Internal Control over Compliance.....	163
K-3 Schedule of Expenditures of Federal Awards.....	166
K-4 Schedule of Expenditures of State Awards.....	168
K-5 Notes to the Schedules of Expenditures of Federal and State Awards .....	170
K-6 Schedule of Findings and Questioned Costs.....	172
K-7 Summary Schedule of Prior Audit Findings .....	175

**INTRODUCTORY SECTION  
(UNAUDITED)**



# MONTCLAIR PUBLIC SCHOOLS

## BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042

WWW.MONTCLAIR.K12.NJ.US

January 18, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Montclair School District (the "District") for the fiscal year ended June 30, 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, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2019-2020 fiscal year with an enrollment of 6,655 students, which is a decrease of 4 students from the previous year's enrollment.



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

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 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.

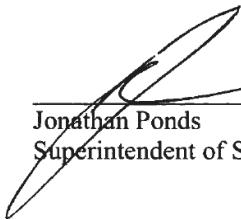
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District.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

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

The Honorable President and Members of  
the Board of Education  
Montclair School District  
Page 4  
January 18, 2021

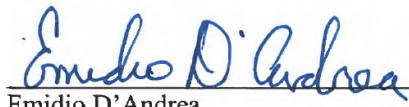
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Montclair School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



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Jonathan Ponds  
Superintendent of Schools



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Emidio D'Andrea  
School Business Administrator/Board Secretary

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

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Latifah Jannah, President	2022
Priscilla Church, Vice President	2022
Eve Robinson	2021
Alfred Davis, Jr.	2022
Sergio Gonzalez	2021
Jessica de Koninck	2021
Allison Silverstein	2023

<u>Other Officers</u>	<u>Title</u>
Jonathan Ponds	Superintendent of Schools (7/1/2020)
Nathan Parker	Superintendent of Schools (8/19/2019 – 6/30/2020)
Kendra Johnson	Superintendent of Schools (Until 8/15/2019)
Andrea Del Guercio	Treasurer of School Monies
Emidio D’Andrea	School Business Administrator/Board Secretary

# **MONTCLAIR TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors

## **Architect**

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

EI Associates, Architects & Engineers, PA  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

## **Attorney**

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

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

McManimon, Scotland & Baumann, LLC  
75 Livingston Avenue, 2<sup>nd</sup> Floor  
Roseland, New Jersey 07068

## **Audit Firm**

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

## **Official Depositories**

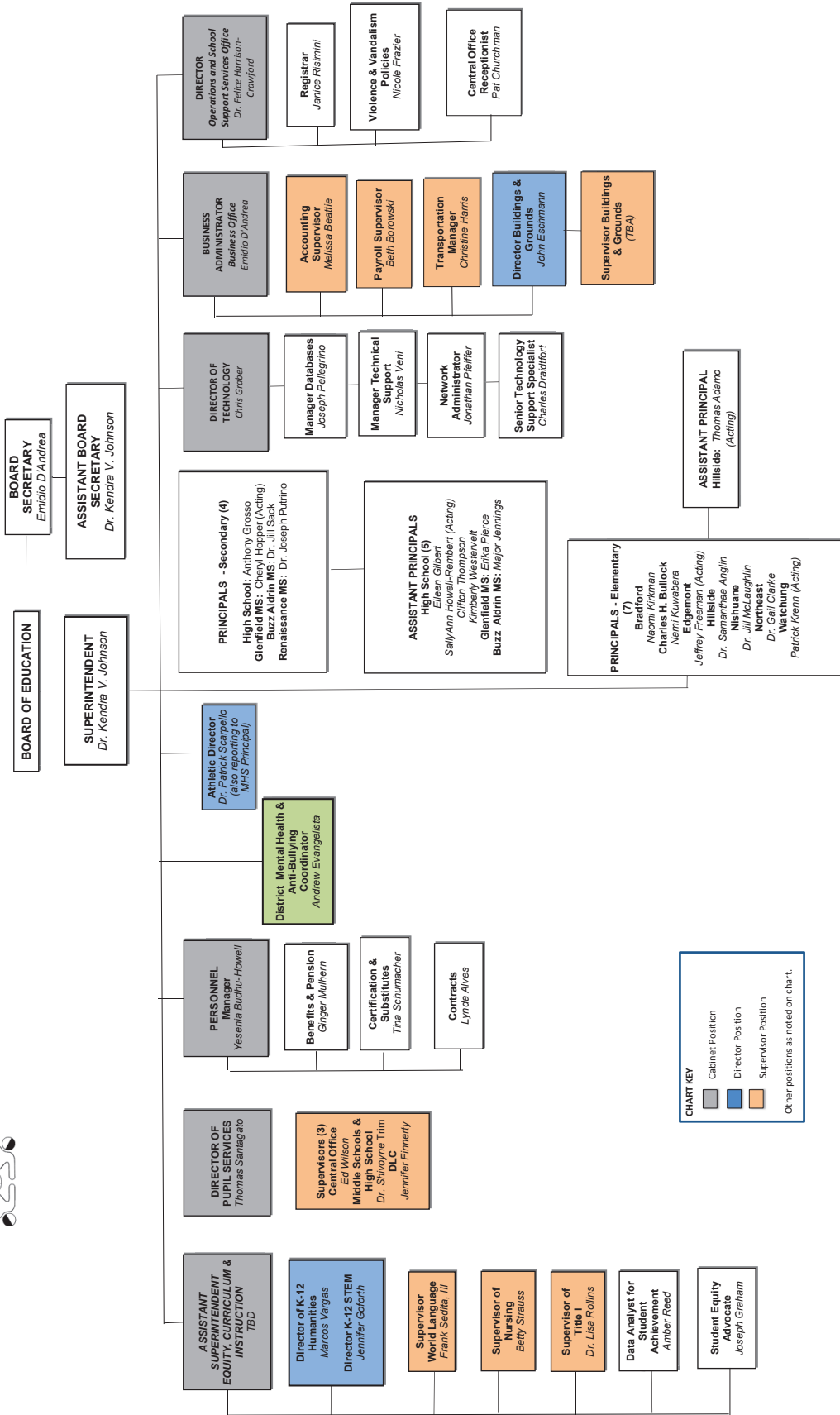
Valley National Bank  
1460 Valley Road  
Wayne, New Jersey 07470

Investors Savings Bank  
505 Bloomfield Avenue  
Montclair, New Jersey 07042

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



**MONTCLAIR BOARD OF EDUCATION  
TABLE OF ORGANIZATION**



**CHART KEY**

- Cabinet Position
- Director Position
- Supervisor Position

Other positions as noted on chart.

Org. Chart 2015-16-16-16Security-ND.08

**FINANCIAL SECTION**

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District (the "District"), a component unit of the Township of Montclair, in the County of Essex, as of and for the fiscal year ended June 30, 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 Board of Education of the Montclair Township School District, in the County of Essex, 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 postemployment benefit schedules in Exhibits L-1 through L-7 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

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

The Honorable President and Members  
of the Board of Education  
Montclair 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 January 18, 2021 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.

January 18, 2021  
Mount Arlington, New Jersey

*Nisiroccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

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

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2020

This section of the Montclair Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 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 services, provisional teacher, and Summer programs.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

**Figure A-1  
Organization of Montclair Township School District’s Financial Report**

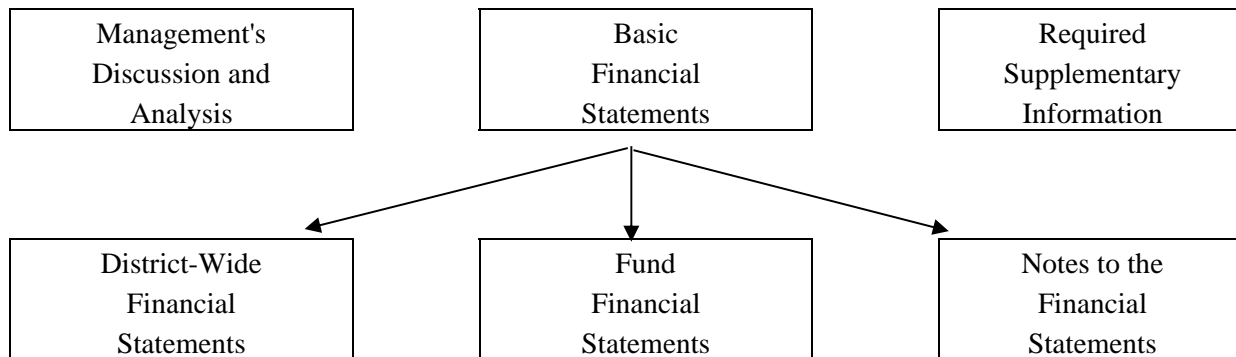


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

**Figure A-2**

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

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

## **Management Discussion and Analysis For the Fiscal Year Ended June 30, 2020**

### ***District-wide Statements***

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

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

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

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

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

### ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2020

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

### Financial Analysis of the District as a Whole

*Net Position.* The District's *combined* net position was \$32,725,527 on June 30, 2020, \$3,168,391 or 10.72% more than it was the fiscal year before (See Figure A-3). Net investment in capital assets increased \$1,818,163 due to increases in capital assets, offset by current fiscal year depreciation and a net increase in capital leases. Restricted net position increased \$597,310 primarily as a result of net increases in capital reserve and excess surplus, offset by a net decrease in maintenance reserve. Unrestricted net position increased by \$752,918 primarily due to the changes in compensated absences payable, net pension liability and deferred inflows and outflows of resources related to pensions, unexpended budget appropriations and an excess in state and local revenues.

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Current and Other Assets	\$ 10,816,045	\$ 14,671,444	\$ 282,891	\$ 502,560	\$ 11,098,936	\$ 15,174,004	
Capital Assets, Net	68,258,914	66,156,058	162,836	181,994	68,421,750	66,338,052	
Total Assets	79,074,959	80,827,502	445,727	684,554	79,520,686	81,512,056	-2.44%
Deferred Outflows of Resources	5,489,985	7,977,076			5,489,985	7,977,076	-31.18%
Other Liabilities	4,449,494	8,952,532	162,155	342,685	4,611,649	9,295,217	
Long-Term Liabilities	34,496,525	36,888,889			34,496,525	36,888,889	
Total Liabilities	38,946,019	45,841,421	162,155	342,685	39,108,174	46,184,106	-15.32%
Deferred Inflows of Resources	13,176,970	13,747,890			13,176,970	13,747,890	-4.15%
Net Position:							
Net Investment in Capital Assets	67,953,730	66,116,409	162,836	181,994	68,116,566	66,298,403	
Restricted	3,536,287	2,938,977			3,536,287	2,938,977	
Unrestricted/ (Deficit)	(39,048,062)	(39,840,119)	120,736	159,875	(38,927,326)	(39,680,244)	
Total Net Position	\$ 32,441,955	\$ 29,215,267	\$ 283,572	\$ 341,869	\$ 32,725,527	\$ 29,557,136	10.72%

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2020

*Changes in Net Position.* The District's combined net position increased \$3,168,391 or 10.72%. Net position from governmental activities increased by \$3,226,688 and net position from business-type activities decreased by \$58,297 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Revenue:							
Program Revenue:							
Charges for Services	\$ 103,243	\$ 93,643	\$ 944,843	\$ 1,190,311	\$ 1,048,086	\$ 1,283,954	
Grants and Contributions:							
Operating	40,115,416	44,827,895	446,495	545,382	40,561,911	45,373,277	
Capital	3,067,311	3,935,989			3,067,311	3,935,989	
General Revenue:							
Property Taxes	118,260,105	115,941,279			118,260,105	115,941,279	
Unrestricted Federal and State Aid	1,163,802	1,185,833			1,163,802	1,185,833	
Other	1,845,936	893,539	149,154	117,493	1,995,090	1,011,032	
Total Revenue	<u>164,555,813</u>	<u>166,878,178</u>	<u>1,540,492</u>	<u>1,853,186</u>	<u>166,096,305</u>	<u>168,731,364</u>	-1.56%
Expenses:							
Instruction	83,741,692	86,142,065			83,741,692	86,142,065	
Pupil and Instruction Services	43,194,191	43,463,624			43,194,191	43,463,624	
Administrative and Business	14,018,311	13,818,965			14,018,311	13,818,965	
Maintenance and Operations	11,675,129	12,933,955			11,675,129	12,933,955	
Transportation	6,657,707	7,250,517			6,657,707	7,250,517	
Other	2,042,095	2,066,673	1,598,789	1,918,549	3,640,884	3,985,222	
Total Expenses	<u>161,329,125</u>	<u>165,675,799</u>	<u>1,598,789</u>	<u>1,918,549</u>	<u>162,927,914</u>	<u>167,594,348</u>	-2.78%
Increase/(Decrease) in Net Position	<u>\$ 3,226,688</u>	<u>\$ 1,202,379</u>	<u>\$ (58,297)</u>	<u>\$ (65,363)</u>	<u>\$ 3,168,391</u>	<u>\$ 1,137,016</u>	178.66%

### Governmental Activities

Net position from the District's governmental activities increased by \$3,226,688 in 2019-2020. A majority of all revenue for the Montclair Township School District is collected through property taxes. Each fiscal year, the District must seek Board of School Estimate approval of its budget.



**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

**Governmental Activities**

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

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

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
Instruction	\$ 83,741,692	\$ 86,142,065	\$ 58,371,103	\$ 58,012,739
Pupil and Instruction Services	43,194,191	43,463,624	33,607,702	32,761,748
Administrative and Business	14,018,311	13,818,965	11,545,447	10,924,354
Maintenance and Operations	11,675,129	12,933,955	7,087,789	7,167,052
Transportation	6,657,707	7,250,517	5,389,019	5,885,707
Other	2,042,095	2,066,673	2,042,095	2,066,673
	<u>\$ 161,329,125</u>	<u>\$ 165,675,799</u>	<u>\$ 118,043,155</u>	<u>\$ 116,818,273</u>

**Business-Type Activities**

- Net position from the District’s business-type activity decreased \$58,297. (Refer to Figure A-4).

**General Fund Budgetary Highlights**

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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

**Capital Asset and Long Term Liabilities Administration**

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Sites (Land)	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	
Buildings and Building Improvements	60,249,799	58,123,428			60,249,799	58,123,428	
Machinery and Equipment	2,821,760	2,845,275	\$ 162,836	\$ 181,994	2,984,596	3,027,269	
<b>Total Capital Assets, Net</b>	<b>\$ 68,258,914</b>	<b>\$ 66,156,058</b>	<b>\$ 162,836</b>	<b>\$ 181,994</b>	<b>\$ 68,421,750</b>	<b>\$ 66,338,052</b>	<b>3.14%</b>

The District’s capital assets increased by \$2,083,698. Total capital acquisitions were \$4,610,526, offset by depreciation of \$2,526,828.

**Long-Term Liabilities**

At fiscal year-end, the District had \$3,781,036 in Compensated Absences Payable outstanding – a net increase of \$483,142 from the prior fiscal year (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements).

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

	Total School District		Percentage Change
	2019/2020	2018/2019	
Compensated Absences Payable	\$ 3,781,036	\$ 3,297,894	
Net Pension Liability	30,410,305	33,551,346	
Capital Leases Payable	305,184	39,649	
	<b>\$ 34,496,525</b>	<b>\$ 36,888,889</b>	<b>-6.49%</b>

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

The Audit for Fiscal Year 2020 reflects a strong financial position for the Montclair School District, which is supporting the current fiscal year (2020-2021) budget through balanced/consistent use of fund balance and an increased tax levy base. Prior year contributions to the Capital Reserve account, as well as new capital projects financed with bond ordinances approved by the Board of School Estimate for issuance by the Township, are being utilized in the current year to protect the District’s infrastructure.

As the District prepares for the development of the 2021-2022 budget it will face the ongoing challenges of the State mandated 2% Cap on the Tax Levy while recurring expenses in the areas of salaries, special education costs, utilities and employee health benefits including the Chapter 44 requirements are expected to increase in excess of the cap. As the District’s fund balance has returned to a level more consistent with previous norms for the District, following an historic spike in June 2011 and 2012 and four years of negative or flat tax levy, the ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 6,643,776	\$ 173,927	\$ 6,817,703
Receivables from Other Governments	1,896,757	52,522	1,949,279
Accounts Receivable - Other	8,389	1,900	10,289
Student Accounts Receivable (less allowance of \$151,638)		15,000	15,000
Internal Balances	(8,120)	8,120	
Interfund Receivable	1,000		1,000
Inventory		31,422	31,422
Restricted Cash and Cash Equivalents	2,274,243		2,274,243
Capital Assets, Net:			
Sites (Land)	5,187,355		5,187,355
Depreciable Buildings and Building Improvements and Machinery and Equipment	63,071,559	162,836	63,234,395
Total Assets	<u>79,074,959</u>	<u>445,727</u>	<u>79,520,686</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflows of Resources Related to Pensions	<u>5,489,985</u>		<u>5,489,985</u>
Total Deferred Outflows of Resources	<u>5,489,985</u>		<u>5,489,985</u>
<b>LIABILITIES:</b>			
Accounts Payable	3,897,170	39,342	3,936,512
Unearned Revenue	405,318	122,813	528,131
Payable to State Government	147,006		147,006
Noncurrent Liabilities:			
Due Within One Year	88,882		88,882
Due Beyond One Year	34,407,643		34,407,643
Total Liabilities	<u>38,946,019</u>	<u>162,155</u>	<u>39,108,174</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of Resources Related to Pensions	<u>13,176,970</u>		<u>13,176,970</u>
Total Deferred Inflows of Resources	<u>13,176,970</u>		<u>13,176,970</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	67,953,730	162,836	68,116,566
Restricted for:			
Capital Projects	1,389,965		1,389,965
Maintenance	884,278		884,278
Excess Surplus	1,262,044		1,262,044
Unrestricted/(Deficit)	<u>(39,048,062)</u>	<u>120,736</u>	<u>(38,927,326)</u>
Total Net Position	<u>\$ 32,441,955</u>	<u>\$ 283,572</u>	<u>\$ 32,725,527</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 62,060,879	\$ 103,243	\$ 13,454,337	\$ 34,132	\$ (48,572,410)	\$ (48,572,410)	
Special Education	16,581,273		10,801,113		(5,676,917)	(5,676,917)	
Other Special Instruction	2,708,268		528,381		(2,179,887)	(2,179,887)	
School Sponsored Instruction	2,391,272		449,383		(1,941,889)	(1,941,889)	
Support Services:							
Tuition	7,015,380		1,097,492		(5,917,888)	(5,917,888)	
Student & Instruction Related Services	36,178,811		8,488,997		(27,689,814)	(27,689,814)	
General Administrative Services	2,947,055		210,601		(2,736,454)	(2,736,454)	
School Administrative Services	7,805,301		1,649,946		(6,155,355)	(6,155,355)	
Central Services	2,024,091		421,250		(1,602,841)	(1,602,841)	
Administrative Information Technology	1,241,864		191,067		(1,050,797)	(1,050,797)	
Plant Operations and Maintenance	11,675,129		1,554,161	3,033,179	(7,087,789)	(7,087,789)	
Pupil Transportation	6,657,707		1,268,688		(5,389,019)	(5,389,019)	
Charter Schools	18,393				(18,393)	(18,393)	
Unallocated Depreciation	2,023,702				(2,023,702)	(2,023,702)	
Total Governmental Activities	161,329,125	103,243	40,115,416	3,067,311	(118,043,155)	(118,043,155)	

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,226,186	\$ 581,470	\$ 446,495		\$ (198,221)	\$ (198,221)	
Summer Programs	345,103	319,223			(25,880)	(25,880)	
Provisional Teacher	27,500	44,150			16,650	16,650	
Total Business-Type Activities	1,598,789	944,843	446,495		(207,451)	(207,451)	
Total Primary Government	\$ 1,629,279,914	\$ 1,048,086	\$ 40,561,911	\$ 3,067,311	\$ (118,043,155)	\$ (207,451)	\$ (118,250,606)
General Revenues, Other Item and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				118,260,105			118,260,105
Federal and State Aid Not Restricted				1,163,802			1,163,802
Investment Earnings				308,769	720		309,489
Miscellaneous Revenue				1,664,205			1,664,205
Other Item - Donation					21,396		21,396
Transfers				(127,038)	127,038		
Total General Revenues, Other Item and Transfers				121,269,843	149,154		121,418,997
Change in Net Position				3,226,688	(58,297)		3,168,391
Net Position - Beginning				29,215,267	341,869		29,557,136
Net Position - Ending				\$ 32,441,955	\$ 283,572		\$ 32,725,527

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



**FUND FINANCIAL STATEMENTS**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 6,212,102	\$ 431,674		\$ 6,643,776
Interfund Receivable	327,425			327,425
Receivables From Federal Government		92,558		92,558
Receivables From State Government	1,753,895	50,304		1,804,199
Accounts Receivable - Other	8,214	175		8,389
Restricted Cash and Cash Equivalents	2,274,243			2,274,243
<b>Total Assets</b>	<u>\$ 10,575,879</u>	<u>\$ 574,711</u>	<u>\$ -0-</u>	<u>\$ 11,150,590</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,938,931	\$ 22,387	\$ 52,238	\$ 2,013,556
Interfund Payable	8,120		326,425	334,545
Unearned Revenue		405,318		405,318
Payable to State Government		147,006		147,006
<b>Total Liabilities</b>	<u>1,947,051</u>	<u>574,711</u>	<u>378,663</u>	<u>2,900,425</u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	1,389,965			1,389,965
Maintenance Reserve	884,278			884,278
Excess Surplus 2021-22	1,001,058			1,001,058
Excess Surplus 2020-21	260,986			260,986
<b>Committed:</b>				
Capital Projects Fund			20,628	20,628
<b>Assigned:</b>				
Year-End Encumbrances	506,106			506,106
For Subsequent Year's Expenditures	1,739,014			1,739,014
Unassigned/(Deficit)	2,847,421		(399,291)	2,448,130
<b>Total Fund Balances/(Deficit)</b>	<u>8,628,828</u>		<u>(378,663)</u>	<u>8,250,165</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,575,879</u>	<u>\$ 574,711</u>	<u>\$ -0-</u>	<u>\$ 11,150,590</u>

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.	68,258,914
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,086,220)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not Due and Payable in the Current Period and are not Reported in the Governmental Funds.	(30,410,305)
Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	3,606,371
Deferred Inflows of Resources Related to Pensions	(13,176,970)
<b>Net Position of Governmental Activities</b>	<u>\$ 32,441,955</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 118,260,105			\$ 118,260,105
Tuition	103,243			103,243
Interest Earned on Capital Reserve Funds	2,848			2,848
Rents and Royalties	48,139			48,139
Miscellaneous	1,910,434	\$ 235,706	\$ 11,553	2,157,693
Total - Local Sources	120,324,769	235,706	11,553	120,572,028
State Sources	30,142,121	556,072		30,698,193
Federal Sources	85,979	2,268,970		2,354,949
Total Revenue	150,552,869	3,060,748	11,553	153,625,170
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	40,204,683	256,390		40,461,073
Special Education Instruction	10,392,359	343,402		10,735,761
Other Special Instruction	1,830,996			1,830,996
School Sponsored Instruction	1,615,837			1,615,837
Support Services and Undistributed Costs:				
Tuition	5,917,888	1,097,492		7,015,380
Student & Instruction Related Services	23,120,613	1,329,332		24,449,945
General Administration Services	2,528,679			2,528,679
School Administration Services	4,812,556			4,812,556
Central Services	1,328,422			1,328,422
Administration Information Technology	758,215			758,215
Plant Operations and Maintenance	8,833,502			8,833,502
Pupil Transportation	6,543,608			6,543,608
Unallocated Benefits	40,443,259			40,443,259
Capital Outlay	670,138	34,132	3,980,208	4,684,478
Charter School	18,393			18,393
Total Expenditures	149,019,148	3,060,748	3,980,208	156,060,104
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,533,721		(3,968,655)	(2,434,934)
<b>OTHER FINANCING SOURCES/(USES):</b>				
Capital Leases (Non-Budgeted)	360,000			360,000
Montclair Improvement Authorizations			3,033,179	3,033,179
Transfers In	80,015		8,037	88,052
Transfers Out	(135,075)		(80,015)	(215,090)
Total Other Financing Sources/(Uses)	304,940		2,961,201	3,266,141
Net Change in Fund Balances	1,838,661		(1,007,454)	831,207
Fund Balance—July 1	6,790,167		628,791	7,418,958
Fund Balance (Deficit)—June 30	\$ 8,628,828	\$ -0-	\$ (378,663)	\$ 8,250,165

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	831,207
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation.		
Depreciation expense	\$	(2,495,684)
Capital outlays		<u>4,598,540</u>
		2,102,856
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 (+).		
Capital Leases entered into by the district are other financing sources in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities		
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		3,141,041
Change in Deferred Outflows of Resources Related to Pensions		(2,670,659)
Change in Deferred Inflows of Resources Related to Pensions		<u>570,920</u>
		<u>1,041,302</u>
Total Change in Net Position - Governmental Activities (Exhibit A-2)	\$	<u><u>3,226,688</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major</u>	<u>Enterprise</u>
	<u>Program</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 41,871	\$ 132,056	\$ 173,927
Intergovernmental Accounts Receivable:			
State	3,786		3,786
Federal	48,736		48,736
Accounts Receivable:			
Other		1,900	1,900
Student - (less allowance of \$151,638)	15,000		15,000
Interfund Receivable	8,120		8,120
Inventories	31,422		31,422
Total Current Assets	<u>148,935</u>	<u>133,956</u>	<u>282,891</u>
Non-Current Assets:			
Capital Assets	565,560		565,560
Less: Accumulated Depreciation	<u>(402,724)</u>		<u>(402,724)</u>
Total Non-Current Assets	<u>162,836</u>		<u>162,836</u>
Total Assets	<u>311,771</u>	<u>133,956</u>	<u>445,727</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue	107,913	14,900	122,813
Accounts Payable	<u>38,042</u>	<u>1,300</u>	<u>39,342</u>
Total Liabilities	<u>145,955</u>	<u>16,200</u>	<u>162,155</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	162,836		162,836
Unrestricted	<u>2,980</u>	<u>117,756</u>	<u>120,736</u>
Total Net Position	<u>\$ 165,816</u>	<u>\$ 117,756</u>	<u>\$ 283,572</u>

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

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

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 348,809		\$ 348,809
Non-Reimbursable Programs	220,629		220,629
Total Daily Sales	569,438		569,438
Special Functions	12,032		12,032
Program Fees		\$ 319,223	319,223
Mentor Fees		44,150	44,150
Total Operating Revenue	<u>581,470</u>	<u>363,373</u>	<u>944,843</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	428,905		428,905
Non-Reimbursable Programs	76,125		76,125
Total Cost of Sales	505,030		505,030
Salaries, Benefits & Payroll Taxes	404,219	321,691	725,910
Administrative Expenses	87,121	19,877	106,998
Supplies and Materials	97,301	31,035	128,336
Management Fee	101,371		101,371
Depreciation Expense	31,144		31,144
Total Operating Expenses	<u>1,226,186</u>	<u>372,603</u>	<u>1,598,789</u>
Operating Loss	(644,716)	(9,230)	(653,946)
Non-Operating Revenue:			
Local Sources:			
Interest Income	720		720
State Sources:			
State School Lunch Program	12,390		12,390
COVID-19 Summer Seamless Option	615		615
Federal Sources:			
School Breakfast Program	37,502		37,502
National School Lunch Program	266,925		266,925
COVID-19 Summer Seamless Option	61,203		61,203
Food Distribution Program	67,860		67,860
Total Non-Operating Revenue	<u>447,215</u>		<u>447,215</u>
Change in Net Position Before Transfer and Other Item	(197,501)	(9,230)	(206,731)
Transfer In - General Fund	127,038		127,038
Other Item - Donation	21,396		21,396
Change in Net Position After Transfer and Other Item	(49,067)	(9,230)	(58,297)
Net Position - Beginning of Year	<u>214,883</u>	<u>126,986</u>	<u>341,869</u>
Net Position - End of Year	<u>\$ 165,816</u>	<u>\$ 117,756</u>	<u>\$ 283,572</u>

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

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

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 569,438	\$ 131,274	\$ 700,712
Receipts from Special Function	12,032		12,032
Payments to Employees		(321,691)	(321,691)
Payments to Food Service Management Contractor	(1,036,778)		(1,036,778)
Payments to Suppliers	(57,682)	(13,143)	(70,825)
Other Payments		(17,377)	(17,377)
Net Cash Used for Operating Activities	<u>(512,990)</u>	<u>(220,937)</u>	<u>(733,927)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	<u>(11,986)</u>		<u>(11,986)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(11,986)</u>		<u>(11,986)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	<u>720</u>		<u>720</u>
Net Cash Provided by Investing Activities	<u>720</u>		<u>720</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	367,847		367,847
Cash Received from Transfers - General Fund	118,918		118,918
Cash Received from Other Item - Donation	<u>21,396</u>		<u>21,396</u>
Net Cash Provided by Noncapital Financing Activities	<u>508,161</u>		<u>508,161</u>
Net (Decrease) in Cash and Cash Equivalents	(16,095)	(220,937)	(237,032)
Cash and Cash Equivalents, July 1	<u>57,966</u>	<u>352,993</u>	<u>410,959</u>
Cash and Cash Equivalents, June 30	<u>\$ 41,871</u>	<u>\$ 132,056</u>	<u>\$ 173,927</u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (644,716)	\$ (9,230)	\$ (653,946)
Adjustment to Reconcile Operating (Loss) to Net Cash Used for Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	67,860		67,860
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable		(1,900)	(1,900)
(Increase) in Inventory	(15,647)		(15,647)
Decrease in Prepaid Expenses		19,092	19,092
Increase/(Decrease) in Unearned Revenue	39,244	(230,199)	(190,955)
Increase in Accounts Payable	<u>9,125</u>	<u>1,300</u>	<u>10,425</u>
Net Cash Used for Operating Activities	<u>\$ (512,990)</u>	<u>\$ (220,937)</u>	<u>\$ (733,927)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$72,486 and utilized \$67,860 for the fiscal year ended June 30, 2020.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Workers" Compensation Trust</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 684,630	\$ 414,615	\$ 5,956
Total Assets	<u>684,630</u>	<u>414,615</u>	<u>5,956</u>
<b>LIABILITIES:</b>			
Interfund Payable - General Fund	1,000		
Due to Student Groups	375,366		
Payroll Deductions and Withholdings	<u>308,264</u>		
Total Liabilities	<u>684,630</u>		
<b>NET POSITION:</b>			
Held in Trust for:			
Unemployment Compensation Claims		414,615	
Workers' Compensation Claims			<u>5,956</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 414,615</u>	<u>\$ 5,956</u>

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



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

	<u>Unemployment Compensation Trust</u>	<u>Workers' Compensation Trust</u>
Additions:		
Contributions:		
Employee	\$ 258,672	
Board		\$ 514,000
Total Contributions	<u>258,672</u>	<u>514,000</u>
Investment Earnings:		
Interest	<u>6,426</u>	<u>478</u>
Net Investment Earnings	<u>6,426</u>	<u>478</u>
Total Additions	<u>265,098</u>	<u>514,478</u>
Deductions		
Unemployment Compensation Claims	256,426	
Workers' Compensation Claims		508,522
Total Deductions	<u>256,426</u>	<u>508,522</u>
Change in Net Position	8,672	5,956
Net Position - Beginning of the Year	<u>405,943</u>	
Net Position - End of the Year	<u>\$ 414,615</u>	<u>\$ 5,956</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

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

(Continued)

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

B. Basis of Presentation (Cont'd)

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

The District reports the following governmental funds:

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

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Fund accounts for all revenue and expenses pertaining to the District's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Food Service, Provisional Teacher, and Summer Programs. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis is financed or recovered primarily through user charges. None of the District's individual Enterprise Funds except for the Food Service Fund are considered to be major programs.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 and Special Revenue Funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office by the Board of School Estimate and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements. The capital projects fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the Township ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the Township.

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

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

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 150,569,776	\$ 3,442,338
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(440,563)
Prior Year Encumbrances		58,973
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	726,340	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(743,247)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 150,552,869	\$ 3,060,748
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 149,019,148	\$ 3,442,338
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(440,563)
Prior Year Encumbrances		58,973
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 149,019,148	\$ 3,060,748

MONTCLAIR 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)

	Capital Projects Fund	
	Revenue and Other Financing Sources	Fund Balance/ (Deficit)
Summary Schedule of Revenues, Expenditures and		
Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ (1,966,398)	\$ 2,594,976
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	4,927,599	(2,973,639)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 2,961,201	\$ (378,663)

E. Cash and Cash Equivalents

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts

As of June 30, 2020 and 2019, the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amounts of \$151,638 and \$114,174, respectively. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

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



MONTCLAIR 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:

	Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have a portion of their salaries withheld as summer savings until year-end. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2020, the balance in the summer savings was paid to the District employees.

M. Long Term Liabilities

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

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

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

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$8,628,828 General Fund fund balance at June 30, 2020, \$506,106 is assigned for encumbrances; \$1,389,965 is restricted in the capital reserve; \$884,278 is restricted in the maintenance reserve; \$1,262,044 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) (\$260,986 is prior year excess surplus which is included as anticipated revenue for the year ending June 30, 2021 and the remaining \$1,001,058 is current year excess surplus which will be included as anticipated revenue for the year ending June 30, 2022); \$1,739,014 is assigned fund balance designated for subsequent year's expenditures, and \$2,847,421 is unassigned which is \$743,247 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis at June 30, 2020.

Capital Projects Fund: The Capital Projects Fund has a \$(399,291) deficit in unassigned fund balance and \$20,628 in committed fund balance at June 30, 2020 due to the SDA grants and Township receivables not recognized on the GAAP basis.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus at June 30, 2020 is \$1,262,044.

MONTCLAIR 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)

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$743,247 as reported in the fund financial statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position

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

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

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

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

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

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

R. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$39,048,062 in governmental activities, which is primarily a result of compensated absences payable, the deficit in unassigned fund balance in the capital projects fund, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions. The District's Capital Projects Fund has a deficit unassigned fund balance of \$(399,291) as of June 30, 2020 due to the SDA grants and Township receivables not recognized on the GAAP basis.

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 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 fiscal year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2020.

T. Revenue - Exchange and Non-exchange Transactions

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

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

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

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

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

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

W. Pensions

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

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

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

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

Investments: (Cont'd)

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

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

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Capital</u> <u>Reserve</u> <u>Account</u>	<u>Maintenance</u> <u>Reserve</u> <u>Account</u>	
Checking and Savings Accounts	\$ 7,922,904	\$ 1,389,965	\$ 884,278	\$ 10,197,147

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 \$10,197,147 and the bank balance was \$15,806,543.



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

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Montclair Township School District by inclusion of \$1 on September 30, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance July 1, 2019		\$ 1,176,692
Increased by:		
Board Resolution June 15, 2020		150,000
Transferred from Capital Projects Fund for Completed Projects		68,462
Interest Earnings		2,848
		1,398,002
Decreased by:		
Withdrawal by Board Resolution to Capital Projects Fund		(8,037)
		(8,037)
Balance June 30, 2020		\$ 1,389,965

The balance in the capital reserve at June 30, 2020 did not exceed the balance of the local support costs of uncompleted capital projects in the District’s approved LRFP. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$500,000 was established by the Montclair Township School District on June 18, 2012. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

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

Balance July 1, 2019	\$	934,278
Increased by:		
Board Resolution June 15, 2020		150,000
		1,084,278
Decreased by:		
Budgeted Withdrawal		(200,000)
		884,278
Balance June 30, 2020	\$	884,278

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2020, there was \$156,998 in transfers to the capital outlay accounts. These transfers were for equipment which did not require County Superintendent approval.

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

(Continued)

NOTE 7. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	5,187,355			5,187,355
Capital Assets Being Depreciated:				
Buildings and Building Improvements	84,531,480	\$ 4,091,739		88,623,219
Machinery and Equipment	7,268,022	506,801		7,774,823
Total Capital Assets Being Depreciated	91,799,502	4,598,540		96,398,042
Governmental Activities Capital Assets	96,986,857	4,598,540		101,585,397
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(26,408,052)	(1,965,368)		(28,373,420)
Machinery and Equipment	(4,422,747)	(530,316)		(4,953,063)
	(30,830,799)	(2,495,684)		(33,326,483)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 66,156,058	\$ 2,102,856	\$ -0-	\$ 68,258,914
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 553,574	\$ 11,986		\$ 565,560
Less Accumulated Depreciation	(371,580)	(31,144)		(402,724)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 181,994	\$ (19,158)	\$ -0-	\$ 162,836

The District had active construction projects totaling \$9,334,547 with unexpended balances of \$2,594,976 as of June 30, 2020. The District had \$168,228 in outstanding construction commitments at June 30, 2020.

The increases totaling \$4,610,526 represent current fiscal year capitalized expenditures in the general fund, special revenue fund, capital projects fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

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

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

NOTE 8. 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
Compensated Absences Payable	\$ 3,297,894	\$ 1,112,726	\$ 629,584	\$ 3,781,036
Net Pension Liability	33,551,346		3,141,041	30,410,305
Capital Leases Payable	39,649	360,000	94,465	305,184
	\$36,888,889	\$ 1,472,726	\$ 3,865,090	\$34,496,525

A. Bonds Payable:

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

B. Capital Leases Payable:

The District has commitments to lease school buses and maintenance vehicles and equipment under two capital leases totaling \$457,140 of which \$151,956 has been liquidated as of June 30, 2020. The leases are for five and four years with the final payments occurring in fiscal years 2020-21 and 2023-24, respectively. The following is a schedule of the future minimum lease payments under these two capital leases and the present value of the net minimum lease payments at June 30, 2020.

<u>Year</u>	<u>Amount</u>
2021	\$ 96,573
2022	75,642
2023	75,642
2024	75,642
	323,499
Less: Amount representing interest	(18,315)
Total future minimum lease payments	\$ 305,184

The current portion of capital leases payable at June 30, 2020 is \$88,882 and the long-term portion is \$216,302. Capital leases payable will be liquidated by the General Fund.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The entire compensated absences balance of \$3,781,036 in the governmental funds is a long-term liability. Compensated absences will be liquidated through the General Fund.

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

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

C. Compensated Absences Payable: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 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 \$29,694,653. See Note 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$715,652. See Note 9 for further information on the Board of Education Employee's Pension Fund of Essex County.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

NOTE 9. PENSION PLANS (Cont'd)

Benefits Provided (Cont'd)

A. Public Employees' Retirement System (PERS) (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 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,607,398 for fiscal year 2020.

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

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

At June 30, 2020, the District reported a liability of \$29,694,653 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 0.165%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$706,545. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<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	\$ 78,476	
	2015	5.72	485,240	
	2016	5.57	2,401,404	
	2017	5.48		\$ 4,262,776
	2018	5.63		3,444,714
	2019	5.21		2,599,430
Subtotal			<u>2,965,120</u>	<u>10,306,920</u>
Changes in Proportion:	2014	6.44	11,352	
	2015	5.72	96,919	
	2016	5.57		274,826
	2017	5.48		1,536,918
	2018	5.63		143,248
	2019	5.21		215,276
Subtotal			<u>108,271</u>	<u>2,170,268</u>
Difference Between Expected and Actual Experience:	2015	5.72	134,627	
	2016	5.57	72,876	
	2017	5.48	126,775	
	2018	5.63		131,178
	2019	5.21	198,702	
Subtotal			<u>532,980</u>	<u>131,178</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2016	5.00		(548,080)
	2017	5.00		657,732
	2018	5.00		457,505
	2019	5.00		(98,415)
Subtotal				<u>468,742</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	<u>1,762,157</u>	
			<u>\$ 5,368,528</u>	<u>\$ 13,077,108</u>

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

NOTE 9. PENSION PLANS (Cont'd).

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (857,446)
2021	(2,781,539)
2022	(2,483,753)
2023	(1,166,250)
2024	(119,752)
	\$ (7,408,740)

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	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.



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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 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:

	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	\$ 37,509,793	\$ 29,694,653	\$ 23,110,196

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.

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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 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 includes 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 \$11,950,060 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$19,611,349.

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$332,493,397. 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 0.542%, which was an increase of 0.010% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>332,493,397</u>
Total		<u><u>\$ 332,493,397</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$19,611,349 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 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
Difference Between Expected and Actual Experience:	2014	8.50		7,323,009
	2015	8.30	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
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><u>\$ 9,932,767,606</u></u>

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
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.

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 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	\$ 392,083,307	\$ 332,493,397	\$ 283,052,588

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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 \$220,472 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$296,002 for the fiscal year ended June 30, 2020.

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Plan Description

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

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

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

Benefits Provided

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

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

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute. District contributions to the Plan amounted to \$97,009 for fiscal year 2020.



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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2020, the District reported a liability of \$715,652 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2020, the District's proportion was 2.689%, which was an increase of 0.078% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$5,978. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pension from the sources noted in the below table.

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2016	5 years		\$ (36,359)
2017	5 years		39,694
2018	5 years		7,389
2019	5 years		34,670
2020	5 years		54,468
Subtotal			99,862
District Contribution Subsequent to the Measurement			
Date - 2020	1 year	\$ 121,457	
		\$ 121,457	\$ 99,862

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

Fiscal Year Ending June 30,	Total
2021	\$ (5,512)
2022	(41,871)
2023	(22,024)
2024	(19,561)
2025	(10,894)
	\$ (99,862)

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2020. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

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

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

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	50.00%	1.15%
U.S. Large CAP Equities	40.00%	6.40%
U.S. Small CAP Equities	10.00%	6.40%

\* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 6.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2020		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the Net Pension Liability	\$ 1,002,988	\$ 715,652	\$ 466,267

Pension Plan Fiduciary Net Position

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-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	<u>216,892</u>
Total	<u><u>364,943</u></u>

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 actuarial assumptions on the following page, applied to all periods in the measurement.

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

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

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 and 2018 was 3.50% and 3.87%, respectively, 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.

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

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

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 200,070,635
Changes for Year:	
Service Cost	7,533,102
Interest Cost	7,929,403
Difference Between Expected and Actual Experience	(29,125,963)
Changes in Assumptions	2,738,604
Member Contributions	167,134
Gross Benefit Payments	(5,638,264)
Net Changes	(16,395,984)
Balance at June 30, 2019	\$ 183,674,651

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	\$ 216,992,346	\$ 183,674,651

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	\$ 151,339,726	\$ 183,674,651	\$ 226,479,453

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

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

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

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$4,875,927 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 deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54 years		\$ 21,383,444
	2018	9.51 years		18,392,655
	2019	9.29 years	\$ 2,443,814	
			<u>2,443,814</u>	<u>39,776,099</u>
Difference Between Expected and Actual Experience	2018	9.51 years		17,386,782
	2019	9.29 years		28,763,823
				<u>46,150,605</u>
Changes in Proportion	N/A	N/A	<u>4,077,790</u>	
			<u>\$ 6,521,604</u>	<u>\$ 85,926,704</u>

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2020	\$ (11,208,790)
2021	(11,208,790)
2022	(11,208,790)
2023	(11,208,790)
2024	(11,208,790)
Total Thereafter	<u>(27,438,940)</u>
	<u>\$ (83,482,890)</u>

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

NOTE 11. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 6,426	\$ 258,672	\$ 256,426	\$ 414,615
2018-2019	8,231	199,709	227,630	405,943
2017-2018	5,496	209,224	265,099	425,633

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 327,425	\$ 8,120
Capital Projects Fund		326,425
Proprietary Funds - Food Service	8,120	
Fiduciary Funds - Payroll Agency		1,000
	<u>\$ 335,545</u>	<u>\$ 335,545</u>

The Capital Projects Fund interfund payable to the General Fund represents an interfund advance.

During the fiscal year, the General Fund transferred \$8,037 from the Capital Reserve to the Capital Projects Fund for the local share of capital projects and \$127,038 to the Food Service Enterprise Fund for the budgeted Board Contribution and the Capital Projects Fund transferred \$11,553 of interest earnings and \$68,462 of unexpended local share of project balances to the General Fund.



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

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). These plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln National Life Insurance Company	MetLife Investors
Valic	AXA Equitable

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. TAX CALENDAR

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

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

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

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 506,106	\$ 440,563	\$ 168,228	\$ 1,114,897

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 \$440,563 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on the GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$168,228 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$20,628 committed and \$(399,291) deficit unassigned fund balances on the GAAP basis at June 30, 2020.

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2020, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	Governmental Funds			District Contribution	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Subsequent to Measurement Date		Enterprise Funds
Salaries	\$ 73,904				\$ 73,904	\$ 1,300
Vendors	1,859,403	\$ 22,387	\$ 52,238		1,934,028	38,042
Due to:						
Other Governmental Units	5,624			\$ 121,457	127,081	
State of New Jersey				1,762,157	1,762,157	
	\$ 1,938,931	\$ 22,387	\$ 52,238	\$ 1,883,614	\$ 3,897,170	\$ 39,342

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

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Montclair recognized revenue in the amount of \$3,557,146 from thirteen payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2019 without the abatement would have been \$5,325,841 of which \$2,835,595 would have been for the local school tax.

NOTE 19. SUBSEQUENT EVENT

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. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund which were not planned or expected at the time of the approval 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 Enterprise Funds likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021 due to loss of revenue.

**SCHEDULES OF  
REQUIRED SUPPLEMENTARY INFORMATION**

MONTCLAIR TOWNSHIP 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
District's proportion of the net pension liability	0.1834481391%	0.1874481079%	0.1825392922%	0.1669622573%	0.1659772101%
District's proportionate share of the net pension liability	\$ 34,346,509	\$ 42,078,344	\$ 54,062,903	\$ 38,866,145	\$ 32,680,085
District's covered employee payroll	\$ 12,540,380	\$ 12,661,086	\$ 11,630,446	\$ 11,582,100	\$ 11,566,050
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.89%	332.34%	464.84%	335.57%	282.55%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30, 2020				
District's proportion of the net pension liability	0.1648010734%				
District's proportionate share of the net pension liability	\$ 29,694,653				
District's covered employee payroll	\$ 11,542,814				
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	257.26%				
Plan fiduciary net position as a percentage of the total pension liability	53.60%				

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,512,320	\$ 1,611,551	\$ 1,621,653	\$ 1,557,423	\$ 1,710,502
Contributions in relation to the contractually required contribution	<u>(1,512,320)</u>	<u>(1,611,551)</u>	<u>(1,621,653)</u>	<u>(1,557,423)</u>	<u>(1,710,502)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 12,661,086	\$ 11,630,446	\$ 11,582,100	\$ 11,566,050	\$ 11,542,814
Contributions as a percentage of covered employee payroll	11.94%	13.86%	14.00%	13.47%	14.82%
	<u>Fiscal Year Ending June 30, 2020</u>				
Contractually required contribution	\$ 1,607,398				
Contributions in relation to the contractually required contribution	<u>(1,607,398)</u>				
Contribution deficiency/(excess)	<u>\$ -0-</u>				
District's covered employee payroll	\$ 11,540,242				
Contributions as a percentage of covered employee payroll	13.93%				

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%	0.5412744521%	0.5322463961%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891	\$ 364,946,753	\$ 338,603,725
District's covered employee payroll	\$ 52,752,552	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	527.98%	588.70%	762.33%	648.39%	585.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	<u>Fiscal Year</u> <u>Ending June 30,</u> <u>2020</u>				
State's proportion of the net pension liability attributable to the District	0.5417765739%				
State's proportionate share of the net pension liability attributable to the District	\$ 332,493,397				
District's covered employee payroll	\$ 57,138,745				
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	581.91%				
Plan fiduciary net position as a percentage of the total pension liability	26.49%				

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

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

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

	Fiscal Year Ending June 30, 2020
Contractually required contribution	\$ 19,611,349
Contributions in relation to the contractually required contribution	<u>(11,950,060)</u>
Contribution deficiency/(excess)	<u>\$ 7,661,289</u>
District's covered employee payroll	\$ 59,042,411
Contributions as a percentage of covered employee payroll	20.24%

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



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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	2.3974085%	2.5248930%	2.4391226%	2.5850148%	2.6108486%
District's Proportionate Share of the Net Pension Liability	\$ 923,455	\$ 913,972	\$ 697,105	\$ 812,380	\$ 871,261
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	75.39%	79.51%	77.36%	75.78%
* - Fiduciary Net Position Excludes: Amount Designated for Insurance Benefits	\$ 19,628,046	\$ 19,972,514	\$ 21,556,614	\$ 22,656,498	\$ 24,050,359
	<u>Fiscal Year</u> <u>Ending June 30,</u> <u>2020</u>				
District's Proportion of the Net Pension Liability	2.6889163%				
District's Proportionate Share of the Net Pension Liability	\$ 715,652				
District's Covered Employee Payroll	\$ -0-				
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%				
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	79.38%				
* - Fiduciary Net Position Excludes: Amount Designated for Insurance Benefits	\$ 25,428,196				

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 140,315	\$ 131,301	\$ 100,564	\$ 101,416	\$ 91,680
Contributions in Relation to the Contractually Required Contribution	<u>(140,315)</u>	<u>(131,301)</u>	<u>(100,564)</u>	<u>(101,416)</u>	<u>(91,680)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>Fiscal Year Ending June 30, 2020</u>				
Contractually Required Contribution	\$ 97,009				
Contributions in Relation to the Contractually Required Contribution	<u>(97,009)</u>				
Contribution Deficiency/(Excess)	<u>\$ -0-</u>				
District's Covered Employee Payroll	\$ -0-				
Contributions as a Percentage of Covered Employee Payroll	0.00%				

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

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

	Fiscal Years Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 10,369,245	\$ 8,618,450	\$ 7,533,102
Interest Cost	7,346,466	8,534,408	7,929,403
Difference Between Expected and Actual Experience		(21,290,781)	(29,125,963)
Changes in Assumptions	(30,174,830)	(22,959,107)	2,738,604
Member Contributions	198,154	184,898	167,134
Gross Benefit Payments	(5,381,316)	(5,349,818)	(5,638,264)
Net Change in Total OPEB Liability	(17,642,281)	(32,261,950)	(16,395,984)
Total OPEB Liability - Beginning	249,974,866	232,332,585	200,070,635
Total OPEB Liability - Ending	<u>\$ 232,332,585</u>	<u>\$ 200,070,635</u>	<u>\$ 183,674,651</u>
District's Covered Employee Payroll *	\$ 66,319,943	\$ 67,867,268	\$ 69,370,817
Total OPEB Liability as a Percentage of Covered Employee Payroll	350%	295%	265%

\* - Covered payroll for the fiscal years ending June 30, 2019, 2018 and 2017 is based on the payroll on the June 30, 2018, 2017 and 2016 census data, respectively.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2019	2018
Discount Rate	6.28%	5.66%
Municipal Bond Rate	3.50%	3.87%
Inflation Rate		2.25%
Inflation Rate:		
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026 Based on Age		1.65% - 4.15%
Through 2026 Based on Years of Service	2.00% - 6.00%	
Thereafter Based on Age		2.65% - 5.15%
Thereafter Based on Years of Service	3.00% - 7.00%	

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2019	2018
Discount Rate	5.60%	4.86%
Municipal Bond Rate	3.50%	3.87%
Inflation Rate		2.25%
Inflation Rate:		
Price	2.75%	
Wage	3.25%	
Salary Increases:		
2011 - 2026 Based on Age		1.55% - 4.55%
Through 2026 Based on Years of Service	1.55% - 4.45%	
Thereafter Based on Age		2.00% - 5.45%
Thereafter Based on Years of Service	2.75% - 5.65%	

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

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

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

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Benefit Changes

There were none.

Changes of Assumptions

There were none.

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019, a change of -.37%.

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

The mortality rates utilized in the June 30, 2019 valuation were as follows: 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 utilized in the June 30, 2018 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates utilized in the June 30, 2019 valuation were as follows: 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**

MONTCLAIR 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	\$ 118,260,105		\$ 118,260,105	\$ 118,260,105	\$ 3,243
Tuition - From Individuals	100,000		100,000	103,243	2,848
Interest Earned on Capital Reserve				2,848	(61,861)
Rents and Royalties	110,000		110,000	48,139	1,585,434
Unrestricted Miscellaneous Revenue	325,000		325,000	1,910,434	
<b>Total - Local Sources</b>	<b>118,795,105</b>		<b>118,795,105</b>	<b>120,324,769</b>	<b>1,529,664</b>
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	5,352,479		5,352,479	5,352,479	
Adjustment Aid	322,539		322,539	322,539	
Security Aid	755,225		755,225	755,225	
Extraordinary Aid	500,000		500,000	1,537,639	1,037,639
<b>On-Behalf TPAF Contributions (Non-Budgeted):</b>					
Post-Retirement Medical Benefits				4,512,714	4,512,714
Pension				11,950,060	11,950,060
Non-Contributory Insurance				214,191	214,191
Long-Term Disability Insurance				7,210	7,210
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,331,582	4,331,582
<b>Total State Sources</b>	<b>8,105,632</b>		<b>8,105,632</b>	<b>30,159,028</b>	<b>22,053,396</b>
Federal Sources:					
Medicaid Reimbursement	98,032		98,032	85,979	(12,053)
<b>Total Federal Sources</b>	<b>98,032</b>		<b>98,032</b>	<b>85,979</b>	<b>(12,053)</b>
<b>TOTAL REVENUES</b>	<b>126,998,769</b>		<b>126,998,769</b>	<b>150,569,776</b>	<b>23,571,007</b>



MONTCLAIR 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:					
Kindergarten - Salaries of Teachers	\$ 1,672,933	\$ 225,054	\$ 1,897,987	\$ 1,897,985	\$ 2
Grades 1-5 - Salaries of Teachers	14,484,405	107,287	14,591,692	14,591,682	10
Grades 6-8 - Salaries of Teachers	9,601,035	195,927	9,796,962	9,791,458	5,504
Grades 9-12 - Salaries of Teachers	10,375,285	361,046	10,736,331	10,736,322	9
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	28,913	128,913	128,913	
Purchased Professional-Educational Services	65,000	(4,248)	60,752	56,575	4,177
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	942,418	76,053	1,018,471	1,018,470	1
Other Purchased Services (400-500 Series)	534,874	(79,686)	455,188	444,613	10,575
General Supplies	1,446,532	(175,942)	1,270,590	1,245,576	25,014
Textbooks	395,472	(102,375)	293,097	293,089	8
<b>Total Regular Programs - Instruction</b>	<b>39,617,954</b>	<b>632,029</b>	<b>40,249,983</b>	<b>40,204,683</b>	<b>45,300</b>
<b>Special Education - Instruction:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	840,781	(36,040)	804,741	804,740	1
General Supplies	10,000	(2,641)	7,359	7,359	
<b>Total Learning and/or Language Disabilities</b>	<b>850,781</b>	<b>(38,681)</b>	<b>812,100</b>	<b>812,099</b>	<b>1</b>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	518,971	(57,144)	461,827	461,826	1
General Supplies	5,000	(5,000)			
<b>Total Behavioral Disabilities</b>	<b>523,971</b>	<b>(62,144)</b>	<b>461,827</b>	<b>461,826</b>	<b>1</b>

MONTCLAIR 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>					
Special Education - Instruction: (Cont'd)					
Multiple Disabilities:					
Salaries of Teachers	\$ 200,550	\$ 16,497	\$ 217,047	\$ 217,047	
General Supplies	3,500	(3,500)			
Total Multiple Disabilities	204,050	12,997	217,047	217,047	
Resource Room/Resource Center:					
Salaries of Teachers	7,590,904	47,611	7,638,515	7,638,514	\$ 1
General Supplies	11,486	(3,240)	8,246	8,244	2
Total Resource Room/Resource Center	7,602,390	44,371	7,646,761	7,646,758	3
Autism:					
Salaries of Teachers	452,357	30,221	482,578	482,577	1
General Supplies	15,000	(7,224)	7,776	7,776	
Total Autism	467,357	22,997	490,354	490,353	1
Preschool Disabilities - Full-Time:					
Salaries of Teachers	523,808	88,279	612,087	612,087	
General Supplies	14,000	(9,321)	4,679	4,678	1
Total Preschool Disabilities - Full-Time	537,808	78,958	616,766	616,765	1
Home Instruction:					
Salaries of Teachers	100,000	(23,322)	76,678	76,678	
Purchased Professional-Educational Services	76,500	(5,667)	70,833	70,833	
Total Home Instruction	176,500	(28,989)	147,511	147,511	
<b>Total Special Education Instruction</b>	<b>10,362,857</b>	<b>29,509</b>	<b>10,392,366</b>	<b>10,392,359</b>	<b>7</b>

MONTCLAIR 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>					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,203,837	\$ (181,734)	\$ 1,022,103	\$ 1,022,102	\$ 1
General Supplies	2,000	(18)	1,982	1,981	1
Total Basic Skills/Remedial - Instruction	1,205,837	(181,752)	1,024,085	1,024,083	2
Bilingual Education - Instruction:					
Salaries of Teachers	197,590	12,286	209,876	209,876	
General Supplies	500	(196)	304	304	
Textbooks	5,000	(5,000)			
Total Bilingual Education - Instruction	203,090	7,090	210,180	210,180	
Vocational Programs - Local - Instruction:					
Salaries of Teachers	299,836	(3,661)	296,175	296,175	
General Supplies	15,000	(5,479)	9,521	9,520	1
Total Vocational Programs - Local - Instruction	314,836	(9,140)	305,696	305,695	1
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	310,000	2,008	312,008	312,008	
Purchased Services (300-500 series)	9,000	(4,614)	4,386	1,500	2,886
Total School-Sponsored Cocurricular Activities - Instruction	319,000	(2,606)	316,394	313,508	2,886
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,044,546	(56,874)	987,672	987,671	1
Purchased Services (300-500 Series)	120,718	24	120,742	119,231	1,511
Supplies and Materials	180,900	(24,529)	156,371	153,476	2,895
Other Objects	41,900	51	41,951	41,951	
Total School-Sponsored Cocurricular Athletics - Instruction	1,388,064	(81,328)	1,306,736	1,302,329	4,407

MONTCLAIR 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>					
Before/After School Programs - Instruction:					
Salaries of Teachers	\$ 25,000	2,135	\$ 27,135	\$ 27,134	\$ 1
Total Before/After School Programs - Instruction	25,000	2,135	27,135	27,134	1
Summer School - Instruction:					
Salaries of Teachers	100,000	(10,287)	89,713	89,713	
General Supplies	1,000	(1,000)			
Total Summer School - Instruction	101,000	(11,287)	89,713	89,713	
Summer School - Support Services:					
Salaries	7,200	(1,689)	5,511	5,511	
Total Summer School - Support Services	7,200	(1,689)	5,511	5,511	
Total Summer School	108,200	(12,976)	95,224	95,224	
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	54,110	(13,785)	40,325	40,324	1
Other Salaries for Instruction	25,000		25,000	25,000	
Purchased Professional and Technical Services	68,500	(1,819)	66,681	62,522	4,159
General Supplies	7,500	(4,069)	3,431	3,430	1
Total Other Supplemental/At-Risk Programs - Instruction	155,110	(19,673)	135,437	131,276	4,161

MONTCLAIR 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>					
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	\$ 10,000	\$ (5,000)	\$ 5,000	\$ 5,000	
Total Other Supplemental/At-Risk Programs - Support	10,000	(5,000)	5,000	5,000	
<b>Total Other Supplemental/At-Risk Programs</b>	<b>165,110</b>	<b>(24,673)</b>	<b>140,437</b>	<b>136,276</b>	<b>\$ 4,161</b>
<b>Other Instructional Programs - Instruction:</b>					
Salaries	5,000	(4,750)	250	250	
Purchased Services (300-500 series)	13,700	(9,146)	4,554	2,400	2,154
Supplies and Materials	19,500	(16,352)	3,148	3,147	1
<b>Total Other Instructional Programs - Instruction</b>	<b>38,200</b>	<b>(30,248)</b>	<b>7,952</b>	<b>5,797</b>	<b>2,155</b>
<b>Community Service Programs/Operations:</b>					
Salaries	30,000	(2,393)	27,607	26,607	1,000
<b>Total Community Service Programs/Operations</b>	<b>30,000</b>	<b>(2,393)</b>	<b>27,607</b>	<b>26,607</b>	<b>1,000</b>
<b>Total Instruction</b>	<b>53,778,148</b>	<b>325,647</b>	<b>54,103,795</b>	<b>54,043,875</b>	<b>59,920</b>
<b>Undistributed Expenditures:</b>					
<b>Instruction (Tuition):</b>					
Tuition to Other LEAs Within the State - Regular	25,000	18,262	43,262	43,261	1
Tuition to Other LEAs Within the State - Special	147,000	(78,000)	69,000	69,000	
Tuition to County Vocational School Districts - Regular	50,000	(28,682)	21,318	21,318	
Tuition to County Vocational School Districts - Special	25,000	29,590	54,590	54,590	
Tuition to CSSD and Regional Day Schools		85,702	85,702	85,701	1
Tuition to Private Schools for the Disabled - Within State	5,697,091	(136,096)	5,560,995	5,539,126	21,869
Tuition to Private Schools for the Disabled - Out of State	155,000	(50,108)	104,892	104,892	
Tuition - State Facilities	41,600	(41,600)			
<b>Total Undistributed Expenditures - Instruction (Tuition)</b>	<b>6,140,691</b>	<b>(200,932)</b>	<b>5,939,759</b>	<b>5,917,888</b>	<b>21,871</b>

MONTCLAIR 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>					
Attendance and Social Work:					
Salaries	\$ 229,802	\$ (90,366)	\$ 139,436	\$ 139,434	\$ 2
Purchased Professional and Technical Services	158,796	(26,204)	132,592	132,591	1
Other Purchased Services (400-500 Series)	23,000	(558)	22,442	22,383	59
Supplies and Materials	5,000	(5,000)			
Other Objects	10,000	(7,700)	2,300	2,300	
<b>Total Attendance and Social Work</b>	<b>426,598</b>	<b>(129,828)</b>	<b>296,770</b>	<b>296,708</b>	<b>62</b>
<b>Health Services:</b>					
Salaries	1,389,625	202,308	1,591,933	1,591,931	2
Purchased Professional and Technical Services	172,142	(32,866)	139,276	138,725	551
Supplies and Materials	68,000	(18,102)	49,898	49,705	193
<b>Total Health Services</b>	<b>1,629,767</b>	<b>151,340</b>	<b>1,781,107</b>	<b>1,780,361</b>	<b>746</b>
<b>Other Support Services - Speech, OT, PT &amp; Related Services:</b>					
Salaries	2,567,197	(16,380)	2,550,817	2,550,816	1
Purchased Professional - Educational Services	122,063	33,308	155,371	153,434	1,937
Supplies and Materials	45,000	(17,553)	27,447	27,436	11
<b>Total Other Support Services - Speech, OT, PT &amp; Related Services</b>	<b>2,734,260</b>	<b>(625)</b>	<b>2,733,635</b>	<b>2,731,686</b>	<b>1,949</b>
<b>Other Support Services - Students - Extraordinary Services:</b>					
Salaries	6,988,371	419,010	7,407,381	7,407,374	7
Purchased Professional - Educational Services	1,030,779	199,654	1,230,433	1,224,192	6,241
Supplies and Materials	20,000	(19,235)	765	765	
<b>Total Other Support Services - Students - Extraordinary Services</b>	<b>8,039,150</b>	<b>599,429</b>	<b>8,638,579</b>	<b>8,632,331</b>	<b>6,248</b>

MONTCLAIR 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>					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,312,719	\$ (196,399)	\$ 2,116,320	\$ 2,116,319	\$ 1
Salaries of Secretarial and Clerical Assistants	63,150	2,467	65,617	65,617	
Purchased Professional and Technical Services	9,500	(446)	9,054	9,054	
Supplies and Materials	83,045	(751)	82,294	82,292	2
Total Other Support Services - Students - Guidance	2,468,414	(195,129)	2,273,285	2,273,282	3
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	3,830,569	6,777	3,837,346	3,837,342	4
Salaries of Secretarial and Clerical Assistants	182,795	6,636	189,431	189,431	
Purchased Professional - Educational Services	474,100	(18,306)	455,794	455,793	1
Other Purchased Services (400-500 Series)	10,250	(1,779)	8,471	8,175	296
Supplies and Materials	55,770	5,253	61,023	60,676	347
Total Other Support Services - Students - Child Study Team	4,553,484	(1,419)	4,552,065	4,551,417	648
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,169,542	(26,414)	1,143,128	1,143,127	1
Salaries of Other Professional Staff	282,500	185,477	467,977	467,976	1
Salaries of Secretarial and Clerical Assistants	200,522	(18,147)	182,375	182,373	2
Purchased Professional - Educational Services	75,000	18,598	93,598	93,598	
Other Purchased Services (400-500 Series)	27,642	(12,089)	15,553	15,553	
Supplies and Materials	60,038	(28,824)	31,214	29,329	1,885
Total Improvement of Instruction Services	1,815,244	118,601	1,933,845	1,931,956	1,889

MONTCLAIR 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>					
Educational Media Services/School Library:					
Salaries	\$ 441,828	\$ 5,124	\$ 446,952	\$ 446,951	\$ 1
Purchased Professional and Technical Services	30,000	(3,582)	26,418	26,418	
Supplies and Materials	31,700	(9,002)	22,698	22,500	198
<b>Total Educational Media Services/School Library</b>	<b>503,528</b>	<b>(7,460)</b>	<b>496,068</b>	<b>495,869</b>	<b>199</b>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	183,293	(5,000)	183,293	183,292	1
Salaries of Other Professional Staff	50,000	(26,725)	23,275	23,275	
Salaries of Secretarial and Clerical Assistants	149,026	(2,061)	146,965	146,965	
Purchased Professional - Educational Services	70,000	(984)	69,016	69,016	
Other Purchased Services (400-500 Series)	7,554	(4,358)	3,196	3,196	
Supplies and Materials	1,000	260	1,260	1,259	1
<b>Total Instructional Staff Training Services</b>	<b>465,873</b>	<b>(38,868)</b>	<b>427,005</b>	<b>427,003</b>	<b>2</b>
Support Services - General Administration:					
Salaries	588,638	20,451	609,089	609,087	2
Legal Services	400,000	92,895	492,895	492,895	
Architectural/Engineering Services	100,944	(11,970)	88,974	53,408	35,566
Other Purchased Professional Services	104,625	87,673	192,298	189,299	2,999
Communications/Telephone	252,152	(72,584)	179,568	179,567	1
BOE Other Purchased Services	6,075	1,552	7,627	7,527	100
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	18,000	(12,465)	5,535	4,724	811
General Supplies	52,000	(18,926)	33,074	21,973	11,101
Judgments Against the School District	839,426	136,489	975,915	936,533	39,382
Miscellaneous Expenditures	41,000	(9,794)	31,206	30,166	1,040
BOE Membership Dues and Fees	13,771	(10,271)	3,500	3,500	
<b>Total Support Services - General Administration</b>	<b>2,416,631</b>	<b>203,050</b>	<b>2,619,681</b>	<b>2,528,679</b>	<b>91,002</b>



MONTCLAIR 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>					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 2,793,682	\$ 148,097	\$ 2,941,779	\$ 2,941,778	\$ 1
Salaries of Other Professional Staff	200,000	(29,507)	170,493	170,492	1
Salaries of Secretarial and Clerical Assistants	1,616,735	42,875	1,659,610	1,659,608	2
Purchased Professional and Technical Services	21,000	5,930	26,930	21,470	5,460
Other Purchased Services (400-500 Series)	7,000	(4,000)	3,000	3,000	
Supplies and Materials	18,650	647	19,297	16,208	3,089
<b>Total Support Services - School Administration</b>	<b>4,657,067</b>	<b>164,042</b>	<b>4,821,109</b>	<b>4,812,556</b>	<b>8,553</b>
Support Services - Central Services:					
Salaries	1,194,323	23,992	1,218,315	1,218,314	1
Miscellaneous Purchased Services (400-500 Series, Other than 594)	23,325	10,913	34,238	24,238	10,000
Supplies and Materials	95,755	(9,084)	86,671	85,870	801
<b>Total Support Services - Central Services</b>	<b>1,313,403</b>	<b>25,821</b>	<b>1,339,224</b>	<b>1,328,422</b>	<b>10,802</b>
Support Services - Administration Information Technology:					
Salaries	597,861	(45,267)	552,594	552,593	1
Purchased Technical Services	241,369	(99,216)	142,153	115,958	26,195
Supplies and Materials	87,437	2,228	89,665	89,664	1
<b>Total Support Services - Administration Information Technology</b>	<b>926,667</b>	<b>(142,255)</b>	<b>784,412</b>	<b>758,215</b>	<b>26,197</b>
Required Maintenance of School Facilities:					
Salaries	369,286	(10,027)	359,259	359,258	1
Cleaning, Repair and Maintenance Services	1,049,551	(4,025)	1,045,526	986,818	58,708
General Supplies	119,974	(1,042)	118,932	106,280	12,652
<b>Total Required Maintenance of School Facilities</b>	<b>1,538,811</b>	<b>(15,094)</b>	<b>1,523,717</b>	<b>1,452,356</b>	<b>71,361</b>

MONTCLAIR 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>					
Custodial Services:					
Salaries	\$ 3,079,045	\$ 32,339	\$ 3,111,384	\$ 3,111,383	\$ 1
Purchased Professional and Technical Services	46,225	(10,845)	35,380	35,379	1
Cleaning, Repair and Maintenance Services	944,549	(186,766)	757,783	598,074	159,709
Rental of Land and Buildings Other Than Lease Purchase Agreements	30,000	(842)	29,158	29,157	1
Other Purchased Property Services	188,352	76,730	265,082	179,115	85,967
Insurance	772,861	3,693	776,554	776,553	1
General Supplies	346,254	(59,856)	286,398	281,020	5,378
Energy (Natural Gas)	290,300	60,043	350,343	350,343	
Energy (Electricity)	590,500	223,150	813,650	813,649	1
Energy (Oil)	500	611	1,111	1,111	
Energy (Gasoline)	58,200	(9,800)	48,400	32,400	16,000
<b>Total Custodial Services</b>	<b>6,346,786</b>	<b>128,457</b>	<b>6,475,243</b>	<b>6,208,184</b>	<b>267,059</b>
Care and Upkeep of Grounds:					
Salaries	124,254	3,008	127,262	127,262	
Cleaning, Repair and Maintenance Services	120,000	(62,611)	57,389	44,638	12,751
General Supplies	35,000	(24,860)	10,140	9,140	1,000
<b>Total Care and Upkeep of Grounds</b>	<b>279,254</b>	<b>(84,463)</b>	<b>194,791</b>	<b>181,040</b>	<b>13,751</b>
Security:					
Salaries	907,067	63,648	970,715	970,714	1
Purchased Professional and Technical Services	46,400	(31,249)	15,151	15,151	
General Supplies	12,600	(4,659)	7,941	6,057	1,884
<b>Total Security</b>	<b>966,067</b>	<b>27,740</b>	<b>993,807</b>	<b>991,922</b>	<b>1,885</b>

MONTCLAIR 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>					
Student Transportation Services:					
Salaries for Pupil Transportation - Between Home & School - Regular	\$ 76,158	\$ (4,833)	\$ 71,325	71,325	
Salaries for Pupil Transportation - Between Home & School - Special	76,158	(4,983)	71,175	71,175	
Salaries for Pupil Transportation - Other Than Between Home & School	142,904	(19,789)	123,115	123,114	\$ 1
Unused Vacation Payment to Terminated/Retired Staff		4,039	4,039	4,039	
Management Fee - ESC & CTSA Transportation Programs	278,635	16,181	294,816	294,816	
Other Purchased Professional and Technical Services	15,000	(10,550)	4,450	4,450	
Cleaning, Repair and Maintenance Services	15,000	691	15,691	15,270	421
Lease Purchase Payments - School Buses	46,000		46,000	45,931	69
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	300,000	(90,816)	209,184	209,183	1
Other than Between Home and School - Vendors	280,000	(168,060)	111,940	110,013	1,927
Regular Students - ESCs & CTSA	1,911,000	407,799	2,318,799	2,318,798	1
Special Education Students - ESCs & CTSA	3,678,000	(313,261)	3,364,739	3,271,774	92,965
General Supplies	2,500	1,221	3,721	3,720	1
<b>Total Student Transportation Services</b>	<b>6,821,355</b>	<b>(182,361)</b>	<b>6,638,994</b>	<b>6,543,608</b>	<b>95,386</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	1,800,000	194,786	1,994,786	1,956,710	38,076
Other Retirement Contributions - PERS	1,796,660	(189,262)	1,607,398	1,607,398	
Other Retirement Contributions - Regular	282,409	39,600	322,009	317,481	4,528
Workmen's Compensation	385,523	202,241	587,764	587,764	
Health Benefits	15,866,064	(1,261,006)	14,605,058	14,526,395	78,663
Tuition Reimbursement	160,000	(3,709)	156,291	146,133	10,158
Other Employee Benefits	160,000	125,621	285,621	285,621	
<b>Total Unallocated Benefits</b>	<b>20,450,656</b>	<b>(891,729)</b>	<b>19,558,927</b>	<b>19,427,502</b>	<b>131,425</b>

MONTCLAIR 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>					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 4,512,714	\$ (4,512,714)
Pension				11,950,060	(11,950,060)
Non-Contributory Insurance				214,191	(214,191)
Long-Term Disability Insurance				7,210	(7,210)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,331,582	(4,331,582)
Total On-Behalf and Reimbursed Contributions				21,015,757	(21,015,757)
Total Personal Services - Employee Benefits	\$ 20,450,656	\$ (891,729)	\$ 19,558,927	40,443,259	(20,884,332)
Total Undistributed Expenses	74,493,706	(471,683)	74,022,023	94,286,742	(20,264,719)
<b>TOTAL CURRENT EXPENSE</b>	128,271,854	(146,036)	128,125,818	148,330,617	(20,204,799)
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1-5		60,914	60,914	23,919	36,995
Grades 6-8		76,320	76,320	73,035	3,285
Grades 9-12		9,299	9,299	5,912	3,387
Undistributed Expenditures:					
Custodial Services		10,465	10,465	9,803	662
Total Equipment		156,998	156,998	112,669	44,329
Facilities Acquisition and Construction Services:					
Buildings - Other Than Lease Purchase Agreements	111,531		111,531	111,531	
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	197,469		197,469	197,469	
Assets Acquired Under Capital Leases (Non Budgeted)				360,000	(360,000)
<b>TOTAL CAPITAL OUTLAY</b>	197,469	156,998	354,467	670,138	(315,671)

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

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u>
Transfer of Funds to Charter Schools	\$ 35,577		\$ 35,577	\$ 18,393	\$ 17,184
<b>TOTAL EXPENDITURES</b>	<u>128,504,900</u>	<u>\$ 10,962</u>	<u>128,515,862</u>	<u>149,019,148</u>	<u>(20,503,286)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,506,131)</u>	<u>(10,962)</u>	<u>(1,517,093)</u>	<u>1,550,628</u>	<u>3,067,721</u>
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				360,000	360,000
Transfers In/(Out):					
Capital Projects Fund - Interest				11,553	11,553
Capital Projects Fund - Capital Reserve				68,462	68,462
Transfers Out:					
Capital Reserve Transferred to Capital Projects Fund		(8,037)	(8,037)	(8,037)	
Food Service Enterprise Fund - Board Contribution	(138,000)	10,962	(127,038)	(127,038)	
Total Other Financing Sources/(Uses)	<u>(138,000)</u>	<u>2,925</u>	<u>(135,075)</u>	<u>304,940</u>	<u>440,015</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(1,644,131)</u>	<u>(8,037)</u>	<u>(1,652,168)</u>	<u>1,855,568</u>	<u>3,507,736</u>
Fund Balance, July 1	7,516,507		7,516,507	7,516,507	
Fund Balance, June 30	<u>\$ 5,872,376</u>	<u>\$ (8,037)</u>	<u>\$ 5,864,339</u>	<u>\$ 9,372,075</u>	<u>\$ 3,507,736</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus 2021-22				\$ 1,001,058	
Excess Surplus 2020-21				260,986	
Capital Reserve				1,389,965	
Maintenance Reserve				884,278	
Assigned:					
Year-End Encumbrances				506,106	
Designated for Subsequent Year's Expenditures				1,739,014	
Unassigned Fund Balance				3,590,668	
				<u>9,372,075</u>	
Reconciliation to Governmental Funds Statements (GAAP):				<u>(743,247)</u>	
Last State Aid Payments not Recognized on GAAP Basis				<u>\$ 8,628,828</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,628,828</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE 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	\$ 100,000	\$ 245,763	\$ 345,763	\$ 230,772	\$ (114,991)
State Sources	833,000	130,091	963,091	815,731	(147,360)
Federal Sources	2,811,300	338,525	3,149,825	2,395,835	(753,990)
<b>Total Revenues</b>	<b>3,744,300</b>	<b>714,379</b>	<b>4,458,679</b>	<b>3,442,338</b>	<b>(1,016,341)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	313,827	35,027	348,854	210,340	138,514
Other Salaries for Instruction	181,177	(38,677)	142,500	118,845	23,655
Purchased Professional and Technical Services	7,300	16,722	24,022	22,963	1,059
Cleaning, Repair and Maintenance Services		22,721	22,721	22,721	
Tuition	1,000,000	106,609	1,106,609	1,097,492	9,117
General Supplies	460,096	(4,123)	455,973	184,546	271,427
Textbooks	90,000	5,364	95,364	75,410	19,954
<b>Total Instruction</b>	<b>2,052,400</b>	<b>143,643</b>	<b>2,196,043</b>	<b>1,732,317</b>	<b>463,726</b>
<b>Support Services:</b>					
Other Salaries	434,100	(80,073)	354,027	341,271	12,756
Personal Services - Employee Benefits	114,200	38,557	152,757	135,781	16,976
Purchased Professional and Technical Services	358,000	380,931	738,931	475,771	263,160
Purchased Professional/Educational Services	377,000	84,963	461,963	357,292	104,671
Other Purchased Services	101,500	(12,034)	89,466	26,070	63,396
Supplies and Materials	290,600	60,215	350,815	316,988	33,827
Other Objects	11,500	74,901	86,401	28,944	57,457
<b>Total Support Services</b>	<b>1,686,900</b>	<b>547,460</b>	<b>2,234,360</b>	<b>1,682,117</b>	<b>552,243</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Facilities Acquisition and Construction Services:					
Instructional Equipment	\$ 5,000	\$ 22,904	\$ 27,904	\$ 27,904	
Non-Instructional Equipment		372	372		\$ 372
Total Facilities Acquisition and Construction Services	5,000	23,276	28,276	27,904	372
Total Expenditures	3,744,300	714,379	4,458,679	3,442,338	1,016,341
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 150,569,776	\$ 3,442,338
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(440,563)
Prior Year Encumbrances		58,973
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	726,340	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(743,247)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 150,552,869	\$ 3,060,748
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 149,019,148	\$ 3,442,338
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(440,563)
Prior Year Encumbrances		58,973
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 149,019,148	\$ 3,060,748



MONTCLAIR 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 and Special Revenue 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 School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

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

	Elementary and Secondary Education Act					I.D.E.A. Basic
	Title I, Part A	Title I, Part A, Reallocated 2018-19	Title I SIA, Part A	Title IIA	Title III Immigrant	
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 354,802	\$ 649	\$ 9,310	\$ 97,883	\$ 4,391	\$ 1,817,221
	354,802	649	9,310	97,883	4,391	1,817,221
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	64,572			27,477		104,441
Other Salaries for Instruction	8,037					89,335
Purchased Professional and Technical Services						
Cleaning, Repair and Maintenance Services						
Tuition						
General Supplies	1,268	649	1,191		436	1,097,492
Textbooks						21,726
Total Instruction	73,877	649	1,191	27,477	436	1,312,994
Support Services:						
Other Salaries	189,517			50,767	3,168	79,210
Personal Services - Employee Benefits	90,956			19,639	242	20,818
Purchased Professional and Technical Services						
Purchased Professional/Educational Services					16,220	284,078
Other Purchased Services					26,070	106,157
Supplies and Materials	452		8,119		545	13,964
Other Objects					7,500	
Total Support Services	280,925		8,119	70,406	3,955	504,227
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 354,802	\$ 649	\$ 9,310	\$ 97,883	\$ 4,391	\$ 1,817,221

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

	I.D.E.A. Preschool	Nonpublic Handicapped (Ch. 193)			Nonpublic Auxiliary (Ch. 192)	
		Supplementary Instruction	Examination & Classification	Corrective Speech	Compensatory Education	Home Instruction
<b>REVENUE:</b>						
Local Sources						
State Sources	\$ 58,058	\$ 63,303	\$ 59,844	\$ 17,955	\$ 101,887	\$ 8,146
Federal Sources						
<b>Total Revenue</b>	<b>\$ 58,058</b>	<b>63,303</b>	<b>59,844</b>	<b>17,955</b>	<b>101,887</b>	<b>8,146</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	13,850					
Other Salaries for Instruction	21,473					
Purchased Professional and Technical Services						
Cleaning, Repair and Maintenance Services						
Tuition						
General Supplies						
Textbooks						
<b>Total Instruction</b>	<b>35,323</b>					
Support Services:						
Other Salaries	18,609					
Personal Services - Employee Benefits	4,126					
Purchased Professional and Technical Services						
Purchased Professional/Educational Services		63,303	59,844	17,955	101,887	8,146
Other Purchased Services						
Supplies and Materials						
Other Objects						
<b>Total Support Services</b>	<b>22,735</b>	<b>63,303</b>	<b>59,844</b>	<b>17,955</b>	<b>101,887</b>	<b>8,146</b>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
<b>Total Expenditures</b>	<b>\$ 58,058</b>	<b>\$ 63,303</b>	<b>\$ 59,844</b>	<b>\$ 17,955</b>	<b>\$ 101,887</b>	<b>\$ 8,146</b>

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

	Nonpublic				Local Grants	Total
	Textbook	Nursing	Security	Technology		
<b>REVENUE:</b>						
Local Sources					\$ 230,772	\$ 230,772
State Sources	\$ 75,410	\$ 175,473	\$ 261,094	\$ 52,619		\$ 815,731
Federal Sources						2,395,835
<b>Total Revenue</b>	<u>75,410</u>	<u>175,473</u>	<u>261,094</u>	<u>52,619</u>	<u>230,772</u>	<u>3,442,338</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						210,340
Other Salaries for Instruction						118,845
Purchased Professional and Technical Services					22,963	22,963
Cleaning, Repair and Maintenance Services					22,721	22,721
Tuition						1,097,492
General Supplies				52,619	106,657	184,546
Textbooks	75,410					75,410
<b>Total Instruction</b>	<u>75,410</u>			<u>52,619</u>	<u>152,341</u>	<u>1,732,317</u>
Support Services:						
Other Salaries						341,271
Personal Services - Employee Benefits						135,781
Purchased Professional and Technical Services		175,473				475,771
Purchased Professional/Educational Services						357,292
Other Purchased Services						26,070
Supplies and Materials			261,094		29,083	316,988
Other Objects					21,444	28,944
<b>Total Support Services</b>		<u>175,473</u>	<u>261,094</u>		<u>50,527</u>	<u>1,682,117</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment					27,904	27,904
<b>Total Facilities Acquisition and Construction Services</b>					<u>27,904</u>	<u>27,904</u>
<b>Total Expenditures</b>	<u>\$ 75,410</u>	<u>\$ 175,473</u>	<u>\$ 261,094</u>	<u>\$ 52,619</u>	<u>\$ 230,772</u>	<u>\$ 3,442,338</u>

**CAPITAL PROJECTS FUND**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Due from Township of Montclair-Bond Ordinances Proceeds	\$ (1,985,988)
Transfer from Capital Reserve	8,037
Interest Earned	11,553
Total Revenue and Other Financing Sources	<u>(1,966,398)</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	348,850
Facilities Acquisition and Construction Services	3,631,358
Transfers Out:	
General Fund - Capital Reserve	68,462
General Fund - Interest	11,553
Total Expenditures and Other Financing Uses	<u>4,060,223</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(6,026,621)
Fund Balance - Beginning Balance	<u>8,621,597</u>
Fund Balance - Ending Balance	<u><u>\$ 2,594,976</u></u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 168,228
Committed Fund Balance - Other Purposes	1,835,467
Total Committed Fund Balance	<u>2,003,695</u>
Restricted Fund Balance:	
Restricted Fund Balance - Other Purposes	591,281
Total Restricted Fund Balance	<u>591,281</u>
	2,594,976
Reconciliation to Governmental Funds Statements (GAAP):	
Township and SDA Receivables not Recognized on the GAAP Basis	<u>(2,973,639)</u>
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u><u>\$ (378,663)</u></u>



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCES #2019-002  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 4,714,875	\$ (1,694,287)	\$ 3,020,588	\$ 3,020,588
Total Revenues and Other Financing Sources	<u>4,714,875</u>	<u>(1,694,287)</u>	<u>3,020,588</u>	<u>3,020,588</u>
Expenditures:				
Purchased Professional and Technical Services	151,959	132,300	284,259	345,759
Construction Services		<u>745,549</u>	<u>745,549</u>	<u>2,674,829</u>
Total Expenditures	<u>151,959</u>	<u>877,849</u>	<u>1,029,808</u>	<u>3,020,588</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 4,562,916</u>	<u>\$ (2,572,136)</u>	<u>\$ 1,990,780</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
HIGH SCHOOL STAIR TOWERS - TOWNSHIP ORDINANCE #2019-006  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 1,981,000		\$ 1,981,000	\$ 1,981,000
Transfer from Capital Reserve	625,000	\$ (36,786)	588,214	588,214
Total Revenues and Other Financing Sources	<u>2,606,000</u>	<u>(36,786)</u>	<u>2,569,214</u>	<u>2,569,214</u>
Expenditures:				
Purchased Professional and Technical Services	98,675	209,000	307,675	307,675
Construction Services	223,325	2,038,214	2,261,539	2,261,539
Total Expenditures	<u>322,000</u>	<u>2,247,214</u>	<u>2,569,214</u>	<u>2,569,214</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,284,000</u>	<u>\$ (2,284,000)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2018-017  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 3,300,000	\$ (57,245)	\$ 3,242,755	\$ 3,242,755
Transfer from Capital Reserve	382,455	(23,639)	358,816	358,816
Total Revenues and Other Financing Sources	<u>3,682,455</u>	<u>(80,884)</u>	<u>3,601,571</u>	<u>3,601,571</u>
Expenditures:				
Purchased Professional and Technical Services	271,145	7,550	278,695	278,756
Construction Services	<u>2,493,794</u>	<u>816,167</u>	<u>3,309,961</u>	<u>3,322,815</u>
Total Expenditures	<u>2,764,939</u>	<u>823,717</u>	<u>3,588,656</u>	<u>3,601,571</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 917,516</u>	<u>\$ (904,601)</u>	<u>\$ 12,915</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2016-12  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,598,000	\$ (219,131)	\$ 2,378,869	\$ 2,378,869
Total Revenues and Other Financing Sources	<u>2,598,000</u>	<u>(219,131)</u>	<u>2,378,869</u>	<u>2,378,869</u>
Expenditures:				
Purchased Professional and Technical Services	265,132		265,132	265,132
Construction Services	<u>2,113,737</u>		<u>2,113,737</u>	<u>2,113,737</u>
Total Expenditures	<u>2,378,869</u>		<u>2,378,869</u>	<u>2,378,869</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 219,131</u>	<u>\$ (219,131)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2015-24  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2012-32  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2008-14  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,820,028		\$ 1,820,028	\$ 1,820,028
Due from Township of Montclair:				
Bond Ordinance Proceeds	3,266,404	\$ (15,325)	3,251,079	3,251,079
Total Revenues and Other Financing Sources	<u>5,086,432</u>	<u>(15,325)</u>	<u>5,071,107</u>	<u>5,071,107</u>
Expenditures:				
Construction Services	5,067,807		5,067,807	5,067,807
Equipment Purchases	3,300		3,300	3,300
Total Expenditures	<u>5,071,107</u>		<u>5,071,107</u>	<u>5,071,107</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 15,325</u>	<u>\$ (15,325)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair.  
As the District receives the SDA Grant funds, they are remitted to the Township.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DISTRICT WIDE SCHOOL RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**Additional Project Information:**

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

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



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**Additional Project Information:**

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**Additional Project Information:**

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

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

**PROPRIETARY FUNDS**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 41,871	\$ 116,336	\$ 15,720	\$ 132,056	\$ 173,927
Intergovernmental Receivable:					
State	3,786				3,786
Federal	48,736				48,736
Accounts Receivable:					
Other			1,900	1,900	1,900
Student - (less allowance of \$151,638)	15,000				15,000
Interfund Receivable	8,120				8,120
Inventories	31,422				31,422
<b>Total Current Assets</b>	<b>148,935</b>	<b>116,336</b>	<b>17,620</b>	<b>133,956</b>	<b>282,891</b>
Non-Current Assets:					
Capital Assets	565,560				565,560
Less: Accumulated Depreciation	(402,724)				(402,724)
<b>Total Non-Current Assets</b>	<b>162,836</b>				<b>162,836</b>
<b>Total Assets</b>	<b>311,771</b>	<b>116,336</b>	<b>17,620</b>	<b>133,956</b>	<b>445,727</b>
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	10,383				10,383
Prepaid Meals	97,530				97,530
Prepaid Summer Program		14,900		14,900	14,900
Accounts Payable	38,042	1,300		1,300	39,342
<b>Total Liabilities</b>	<b>145,955</b>	<b>16,200</b>		<b>16,200</b>	<b>162,155</b>
<u>NET POSITION:</u>					
Investment in Capital Assets	162,836				162,836
Unrestricted	2,980	100,136	17,620	117,756	120,736
<b>Total Net Position</b>	<b>\$ 165,816</b>	<b>\$ 100,136</b>	<b>\$ 17,620</b>	<b>\$ 117,756</b>	<b>\$ 283,572</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 348,809				\$ 348,809
Non-Reimbursable Programs	220,629				220,629
Total Daily Sales	569,438				569,438
Special Functions	12,032				12,032
Program Fees		\$ 319,223		\$ 319,223	319,223
Mentor Fees			\$ 44,150	44,150	44,150
Total Operating Revenue	581,470	319,223	44,150	363,373	944,843
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	428,905				428,905
Non-Reimbursable Programs	76,125				76,125
Total Cost of Sales	505,030				505,030
Salaries, Benefits & Payroll Taxes	404,219	296,691	25,000	321,691	725,910
Administrative Expenses	87,121	17,377	2,500	19,877	106,998
Supplies and Materials	97,301	31,035		31,035	128,336
Management Fee	101,371				101,371
Depreciation	31,144				31,144
Total Operating Expenses	1,226,186	345,103	27,500	372,603	1,598,789
Operating Income/(Loss)	(644,716)	(25,880)	16,650	(9,230)	(653,946)
Non-Operating Revenue:					
Local Sources:					
Interest Income	720				720
State Sources:					
State School Lunch Program	12,390				12,390
COVID-19 Summer Seamless Option	615				615
Federal Sources:					
School Breakfast Program	37,502				37,502
National School Lunch Program	266,925				266,925
COVID-19 Summer Seamless Option	61,203				61,203
Food Distribution Program	67,860				67,860
Total Non-Operating Revenue	447,215				447,215
Change in Net Position Before Transfer and Other Item	(197,501)	(25,880)	16,650	(9,230)	(206,731)
Transfer In - General Fund	127,038				127,038
Other Item - Donation	21,396				21,396
Change in Net Position After Transfer and Other Item	(49,067)	(25,880)	16,650	(9,230)	(58,297)
Net Position - Beginning of Year	214,883	126,016	970	126,986	341,869
Net Position - End of Year	\$ 165,816	\$ 100,136	\$ 17,620	\$ 117,756	\$ 283,572

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Fund		Non-Major Funds		Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 569,438	\$ 89,024	\$ 42,250	\$ 131,274	\$ 700,712
Receipts from Special Functions	12,032				12,032
Payments to Employees	(1,036,778)	(296,691)	(25,000)	(321,691)	(321,691)
Payments to Food Service Management Contractor	(57,682)	(10,643)	(2,500)	(13,143)	(1,036,778)
Payments to Suppliers		(17,377)		(17,377)	(70,825)
Other Payments					(17,377)
Net Cash Provided by/(Used for) Operating Activities	(512,990)	(235,687)	14,750	(220,937)	(733,927)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(11,986)				(11,986)
Net Cash Used for Capital and Related Financing Activities	(11,986)				(11,986)
Cash Flows from Investing Activities:					
Local Sources - Interest Income	720				720
Net Cash Provided by Investing Activities	720				720
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	367,847				367,847
Cash Received from Transfers - General Fund	118,918				118,918
Cash Received from Other Item - Donation	21,396				21,396
Net Cash Provided by Noncapital Financing Activities	508,161				508,161
Net Increase/(Decrease) in Cash and Cash Equivalents	(16,095)	(235,687)	14,750	(220,937)	(237,032)
Cash and Cash Equivalents, July 1	57,966	352,023	970	352,993	410,959
Cash and Cash Equivalents, June 30	\$ 41,871	\$ 116,336	\$ 15,720	\$ 132,056	\$ 173,927

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Fund	Non-Major Funds		Enterprise Fund
	Food Service Program	Summer Program	Provisional Teacher	Totals
	Total	Total	Total	Total
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (644,716)	\$ (25,880)	\$ 16,650	\$ (653,946)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	31,144			31,144
Food Distribution Program	67,860			67,860
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable			(1,900)	(1,900)
(Increase) in Inventory	(15,647)			(15,647)
Decrease in Prepaid Expenses		19,092		19,092
Increase/(Decrease) in Unearned Revenue:				
Food Distribution Program	4,626			4,626
Prepaid Meals/Summer Program	34,618	(230,199)		(195,581)
Increase in Accounts Payable	9,125	1,300		10,425
	\$ (512,990)	\$ (235,687)	\$ 14,750	\$ (733,927)
Net Cash Provided by/(Used for) Operating Activities				

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$72,486 and utilized \$67,860 for the fiscal year ended June 30, 2020.

**FIDUCIARY FUNDS**



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Workers' Compensation Trust</u>	<u>Totals</u>	
	<u>Student Activities</u>	<u>Payroll</u>				<u>Total</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 375,366	\$ 309,264	\$ 684,630	\$ 414,615	\$ 5,956	\$ 1,105,201
Total Assets	<u>375,366</u>	<u>309,264</u>	<u>684,630</u>	<u>414,615</u>	<u>5,956</u>	<u>1,105,201</u>
<b>LIABILITIES:</b>						
Interfund Payable - General Fund		1,000	1,000			1,000
Due to Student Groups	375,366		375,366			375,366
Payroll Deductions and Withholdings		<u>308,264</u>	<u>308,264</u>			<u>308,264</u>
Total Liabilities	<u>375,366</u>	<u>309,264</u>	<u>684,630</u>			<u>684,630</u>
<b>NET POSITION:</b>						
Held in Trust for:						
Unemployment Compensation Claims			414,615			414,615
Workers' Compensation Claims				<u>5,956</u>		<u>5,956</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 414,615</u>	<u>\$ 5,956</u>	<u>\$ 420,571</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Workers' Compensation Trust</u>	<u>Totals</u>
Additions:			
Contributions:			
Employee Board	\$ 258,672	\$ 514,000	\$ 258,672 514,000
Total Contributions	<u>258,672</u>	<u>514,000</u>	<u>772,672</u>
Investment Earnings:			
Interest	<u>6,426</u>	<u>478</u>	<u>6,904</u>
Net Investment Earnings	<u>6,426</u>	<u>478</u>	<u>6,904</u>
Total Additions	<u>265,098</u>	<u>514,478</u>	<u>779,576</u>
Deductions:			
Unemployment Compensation Claims	256,426		256,426
Workers' Compensation Claims		508,522	508,522
Total Deductions	<u>256,426</u>	<u>508,522</u>	<u>764,948</u>
Change in Net Position	8,672	5,956	14,628
Net Position - Beginning of the Year	<u>405,943</u>		<u>405,943</u>
Net Position - End of the Year	<u>\$ 414,615</u>	<u>\$ 5,956</u>	<u>\$ 420,571</u>

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 400,879	\$ 295,695	\$ 321,208	\$ 375,366
Total Assets	\$ 400,879	\$ 295,695	\$ 321,208	\$ 375,366
 <b>LIABILITIES:</b>				
Due to Student Groups	\$ 400,879	\$ 295,695	\$ 321,208	\$ 375,366
Total Liabilities	\$ 400,879	\$ 295,695	\$ 321,208	\$ 375,366

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary Schools:				
Bradford	\$ 6,981	\$ 9,991	\$ 11,048	\$ 5,924
Charles H. Bullock	13,142	5,738	14,526	4,354
Edgemont	6,102	10,283	8,741	7,644
Hillside	50,994	25,074	26,760	49,308
Nishuane	4,452	70	450	4,072
Northeast	10,779	10,406	11,073	10,112
Watchung	21,079	14,892	19,880	16,091
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary Schools	113,529	76,454	92,478	97,505
	<hr/>	<hr/>	<hr/>	<hr/>
Middle Schools:				
Glenfield	67,738	48,979	61,359	55,358
Buzz Aldrin	18,822	42,282	38,708	22,396
Renaissance	64,807	13,185	10,153	67,839
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle Schools	151,367	104,446	110,220	145,593
	<hr/>	<hr/>	<hr/>	<hr/>
High School:				
Montclair High School	120,485	55,213	67,181	108,517
Athletic Account	15,498	59,582	51,329	23,751
	<hr/>	<hr/>	<hr/>	<hr/>
Total High School	135,983	114,795	118,510	132,268
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 400,879</u>	<u>\$ 295,695</u>	<u>\$ 321,208</u>	<u>\$ 375,366</u>

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 61,300	\$ 97,625,327	\$ 97,377,363	\$ 309,264
Total Assets	\$ 61,300	\$ 97,625,327	\$ 97,377,363	\$ 309,264
 <b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 22,654	\$ 97,625,327	\$ 97,339,717	\$ 308,264
Interfund Payable - General Fund	38,646		37,646	1,000
Total Liabilities	\$ 61,300	\$ 97,625,327	\$ 97,377,363	\$ 309,264

**LONG-TERM DEBT**

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

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2020</u>
School Bus	3.698645%	\$ 97,140	\$ 39,649		\$ 19,465	\$ 20,184
School Bus and Maintenance Vehicles and Equipment	2.4363%	360,000	<u>                    </u>	<u>\$ 360,000</u>	<u>75,000</u>	<u>285,000</u>
			<u>\$ 39,649</u>	<u>\$ 360,000</u>	<u>\$ 94,465</u>	<u>\$ 305,184</u>

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

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

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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



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

	June 30,				
	2011	2012	2013	2014	2015
Governmental Activities:					
Net Investment in Capital Assets	\$ 67,336,003	\$ 68,665,576	\$ 68,606,368	\$ 68,012,577	\$ 68,237,797
Restricted	13,503,526	11,718,456	11,270,241	5,435,873	2,077,874
Unrestricted/(Deficit)	137,941	1,243,224	1,190,578	(36,052,630)	(35,356,656)
Total Governmental Activities Net Position	<u>\$ 80,977,470</u>	<u>\$ 81,627,256</u>	<u>\$ 81,067,187</u>	<u>\$ 37,395,820</u>	<u>\$ 34,959,015</u>
Business-Type Activities					
Investment in Capital Assets	\$ 21,887	\$ 194,743	\$ 169,864	\$ 174,783	\$ 261,002
Unrestricted	334,035	237,520	384,192	358,381	348,006
Total Business-Type Activities Net Position	<u>\$ 355,922</u>	<u>\$ 432,263</u>	<u>\$ 554,056</u>	<u>\$ 533,164</u>	<u>\$ 609,008</u>
District-Wide:					
Net Investment in Capital Assets	\$ 67,357,890	\$ 68,860,319	\$ 68,776,232	\$ 68,187,360	\$ 68,498,799
Restricted	13,503,526	11,718,456	11,270,241	5,435,873	2,077,874
Unrestricted/(Deficit)	471,976	1,480,744	1,574,770	(35,694,249)	(35,008,650)
Total District Net Position	<u>\$ 81,333,392</u>	<u>\$ 82,059,519</u>	<u>\$ 81,621,243</u>	<u>\$ 37,928,984</u>	<u>\$ 35,568,023</u>
	June 30,				
	2016	2017	2018	2019	2020
Governmental Activities:					
Net Investment in Capital Assets	\$ 69,244,827	\$ 70,432,489	\$ 64,373,948	\$ 66,135,874	\$ 67,953,730
Restricted	1,848,364	932,617	3,183,026	2,938,977	3,536,287
Unrestricted/(Deficit)	(37,474,573)	(41,390,483)	(39,544,086)	(39,840,119)	(39,048,062)
Total Governmental Activities Net Position	<u>\$ 33,618,618</u>	<u>\$ 29,974,623</u>	<u>\$ 28,012,888</u>	<u>\$ 29,234,732</u>	<u>\$ 32,441,955</u>
Business-Type Activities					
Investment in Capital Assets	\$ 281,029	\$ 271,779	\$ 207,986	\$ 181,994	\$ 162,836
Unrestricted	232,931	181,222	199,246	159,875	120,736
Total Business-Type Activities Net Position	<u>\$ 513,960</u>	<u>\$ 453,001</u>	<u>\$ 407,232</u>	<u>\$ 341,869</u>	<u>\$ 283,572</u>
District-Wide:					
Net Investment in Capital Assets	\$ 69,525,856	\$ 70,704,268	\$ 64,581,934	\$ 66,317,868	\$ 68,116,566
Restricted	1,848,364	932,617	3,183,026	2,938,977	3,536,287
Unrestricted/(Deficit)	(37,241,642)	(41,209,261)	(39,344,840)	(39,680,244)	(38,927,326)
Total District Net Position	<u>\$ 34,132,578</u>	<u>\$ 30,427,624</u>	<u>\$ 28,420,120</u>	<u>\$ 29,576,601</u>	<u>\$ 32,725,527</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 50,727,177	\$ 48,878,543	\$ 50,419,530	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089	\$ 63,995,455	\$ 62,060,879
Special Education	11,432,967	13,240,317	13,673,747	14,463,175	14,035,556	15,619,647	17,774,029	17,471,766	16,803,010	16,581,273
Other Special Instruction	1,355,741	2,043,269	2,448,400	2,517,238	3,070,118	3,020,620	3,418,485	3,220,413	3,087,101	2,708,268
School-Sponsored Instruction	2,232,289	1,809,677	1,778,949	1,873,094	2,025,116	2,021,715	2,261,364	2,362,269	2,256,499	2,391,272
Support Services:										
Tuition	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380
Student & Instruction Related Services	20,892,795	19,907,216	23,111,451	24,620,537	30,765,348	33,896,334	38,160,334	37,539,210	36,128,092	36,178,811
School Administrative Services	5,926,334	5,687,924	5,797,230	6,618,614	2,358,740	2,203,262	2,505,852	2,314,025	2,395,882	2,947,055
General and Business Administrative Services	1,540,450	1,874,286	2,064,650	1,954,247	6,900,062	7,362,141	8,378,945	8,168,027	7,922,147	7,805,301
Central Services	1,928,764	1,655,412	1,645,518	1,917,572	2,050,988	2,013,448	2,258,488	2,344,001	2,134,357	2,024,091
Administrative Information Technology	301,037	301,037	297,595	771,619	1,011,762	1,212,581	1,232,712	1,255,705	1,366,579	1,241,864
Plant Operations And Maintenance	9,458,409	9,275,074	9,178,249	9,640,014	9,855,524	10,270,734	11,127,101	11,492,712	12,933,955	11,675,129
Pupil Transportation	4,198,807	4,327,092	4,666,981	4,615,598	4,762,678	4,850,939	5,542,086	4,920,476	7,250,517	6,657,707
Capital Outlay		76,167	85,938	85,938	180,752					
Special Schools	462,743	503,306	477,788	402,760	156,178					
Transfer to Charter School	19,292	21,582		7,204	10,420	10,448	43,223	33,016	42,971	18,393
State Administrative Fee	63,146									
Unallocated Depreciation										
Total Governmental Activities Expenses	\$ 116,933,561	\$ 116,866,609	\$ 125,289,091	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716	\$ 168,081,344	\$ 167,845,559	\$ 165,675,799	\$ 161,329,125
Business-Type activities:										
Food Service	\$ 1,395,102	\$ 1,453,543	\$ 1,192,701	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749	\$ 1,280,854	\$ 1,513,737	\$ 1,547,031	\$ 1,226,186
Provisional Teacher	101,688	117,086	80,041	70,433	69,983	76,134	61,175	26,820	51,040	27,500
Saturday Music	18,494	19,943	20,260							
Summer Programs						11,720	210,340	312,763	320,478	345,103
Total Business-Type Activities Expense	\$ 1,515,284	\$ 1,590,572	\$ 1,293,002	\$ 1,274,819	\$ 1,312,156	\$ 1,357,603	\$ 1,552,369	\$ 1,853,320	\$ 1,918,549	\$ 1,598,789
Total District Expenses	\$ 118,448,845	\$ 118,457,181	\$ 124,582,093	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879	\$ 167,594,348	\$ 162,927,914
<b>Program Revenues:</b>										
Governmental Activities:										
Charges For Services:										
Tuition		\$ 64,983	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739	\$ 167,105	\$ 93,643	\$ 103,243
Special Schools		458,805	415,348	331,246	108,719					
Pupil Transportation							6,572			
Operating Grants and Contributions	\$ 11,478,828	\$ 18,801,996	\$ 19,506,729	\$ 18,068,049	\$ 32,701,958	\$ 38,048,010	\$ 50,727,530	\$ 54,167,407	\$ 44,827,895	\$ 40,115,416
Capital Grants and Contributions		25,399	3,243,859	528,704	1,731,544	2,017,080	2,203,366	2,027,323	3,935,989	3,067,311
Total Governmental Activities Program Revenues	\$ 11,478,828	\$ 19,351,183	\$ 23,533,880	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833	\$ 52,978,207	\$ 56,361,835	\$ 48,857,527	\$ 43,285,970

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

	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	\$ 858,972	\$ 595,702	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296	\$ 739,059	\$ 838,844	\$ 581,470
Provisional Teacher		69,487	72,517	68,600	69,735	66,250	41,460	26,500	40,800	44,150
Saturday Music		16,599	13,909							
Summer Programs		590,331	642,348	520,727	583,235	547,337	179,056	310,264	310,667	319,223
Operating Grants and Contributions	1,437,651	1,272,119	1,192,338	1,059,786	1,256,815	1,169,987	1,287,321	1,626,177	545,382	446,495
Total Business-Type Activities Program Revenues	\$ 12,916,479	\$ 20,623,302	\$ 24,726,218	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012	\$ 50,593,220	\$ 44,677,308
Total District Program Revenues										
Net (Expense)/Revenue Governmental Activities	\$ (105,454,733)	\$ (97,515,426)	\$ (99,755,211)	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)	\$ (116,818,272)	\$ (118,043,155)
Net (Expense)/Revenue Business-Type Activities	(77,653)	(318,453)	(100,664)	(215,033)	(55,341)	(187,616)	(265,048)	(227,143)	(182,856)	(207,451)
Total District-Wide Net Expense	\$ (105,532,386)	\$ (97,833,879)	\$ (99,855,875)	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)	\$ (117,001,128)	\$ (118,250,606)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105
Township of Montclair- Type I School District	533,670									
Federal and State Aid Restricted	1,334,974									
Federal and State Aid not Restricted	5,509,318	763,527	1,346,151	1,604,800	1,477,037	1,510,302	1,619,868	1,521,257	1,185,833	1,163,802
Tuition	74,609									
Prior Year Accounts Payable Canceled	1,257,199	286,554	454,293	474,576	2,177,858	938,497	581,255	672,760	1,009,936	1,972,974
Miscellaneous Income	(50,000)	(394,567)	(115,000)	(166,215)	(100,830)	(92,321)	(203,668)	(224,425)	(116,397)	(127,038)
Transfers										
Total Governmental Activities	109,763,614	98,165,212	99,195,142	99,422,859	105,144,891	108,060,486	111,919,053	114,606,140	118,020,651	121,269,843
Business-Type Activities:										
Investment Earnings		227	242	187	190	247	421	1,042	1,096	720
Miscellaneous	317				105,165					
Allowance for Doubtful Accounts					(75,000)					
Prior Year Accounts Payable Canceled					895					
Other Items			107,215							
Transfers	50,000	394,567	115,000	166,215	100,830	92,321	203,668	13,947	116,397	21,396
Total Business-Type Activities	50,317	394,794	222,457	167,297	131,185	92,568	204,089	224,425	117,493	127,038
Total District-Wide	\$ 109,813,931	\$ 98,560,006	\$ 99,417,599	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554	\$ 118,138,144	\$ 121,418,997
<b>Change in Net Position:</b>										
Governmental Activities	\$ 4,308,881	\$ 649,786	\$ (560,069)	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416	\$ 1,202,379	\$ 3,226,688
Business-Type Activities	(27,316)	76,341	121,793	(47,736)	75,844	(95,048)	(60,959)	12,271	(65,363)	(58,297)
Total District	\$ 4,281,565	\$ 726,127	\$ (438,276)	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687	\$ 1,137,016	\$ 3,168,391

Source: School District Financial Reports

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Reserved/Restricted	\$ 7,119,798	\$ 10,004,894	\$ 9,068,839	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090	\$ 1,277,073	\$ 3,183,026	\$ 2,938,977	\$ 3,536,287
Assigned	42,233	1,093,339	1,587,304	2,843,119	724,878	989,770	492,636	2,249,784	877,110	2,245,120
Unassigned	959,014	2,289,349	1,572,302	136,498	1,766,252	1,674,878	1,633,232	2,720,300	2,974,080	2,847,421
Unreserved	2,641,752									
<b>Total General Fund</b>	<b>\$ 10,762,797</b>	<b>\$ 13,387,582</b>	<b>\$ 12,228,445</b>	<b>\$ 8,367,887</b>	<b>\$ 4,512,201</b>	<b>\$ 4,677,738</b>	<b>\$ 3,402,941</b>	<b>\$ 8,153,110</b>	<b>\$ 6,790,167</b>	<b>\$ 8,628,828</b>
All Other Governmental Funds:										
Reserved/Restricted	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,108,168	\$ (188,987)	\$ (372,589)		\$ 1,028,082	\$ 20,628
Committed					56,803	24,261	28,133		(399,291)	(399,291)
Unassigned/(Deficit)								\$ (378,664)		
<b>Total All Other Governmental Funds</b>	<b>\$ 5,345,706</b>	<b>\$ 1,713,562</b>	<b>\$ 2,201,402</b>	<b>\$ 47,603</b>	<b>\$ 1,164,971</b>	<b>\$ (164,726)</b>	<b>\$ (344,456)</b>	<b>\$ (378,664)</b>	<b>\$ 628,791</b>	<b>\$ (378,663)</b>
<b>Total All Funds</b>	<b>\$ 16,108,503</b>	<b>\$ 15,101,144</b>	<b>\$ 14,429,847</b>	<b>\$ 8,415,490</b>	<b>\$ 5,677,172</b>	<b>\$ 4,513,012</b>	<b>\$ 3,058,485</b>	<b>\$ 7,774,446</b>	<b>\$ 7,418,958</b>	<b>\$ 8,250,165</b>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Tax Levy	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105
Miscellaneous	1,331,808	1,071,246	4,373,995	1,590,795	4,582,287	3,262,815	1,036,493	1,118,230	1,228,492	2,311,923
State Sources	14,519,845	16,138,462	18,668,742	17,469,858	18,966,267	21,031,329	23,756,709	26,275,848	29,778,109	30,698,193
Federal Sources	3,803,276	3,191,557	2,291,588	3,114,493	2,587,313	2,737,851	2,747,845	2,349,697	2,658,073	2,354,949
<b>Total Revenue</b>	<b>120,758,773</b>	<b>117,910,963</b>	<b>122,844,023</b>	<b>119,684,844</b>	<b>127,627,953</b>	<b>132,736,003</b>	<b>137,462,645</b>	<b>142,380,323</b>	<b>149,605,953</b>	<b>153,625,170</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	37,773,061	36,968,473	37,940,996	37,230,553	39,336,934	37,622,800	38,597,011	39,240,747	39,686,743	40,461,073
Special Education Instruction	8,522,680	10,230,542	10,449,884	11,265,160	9,531,955	10,158,894	10,304,567	9,932,543	10,539,971	10,735,761
Other Instruction	989,830	1,539,649	1,832,553	1,885,558	2,061,075	2,004,902	2,068,291	1,951,708	2,030,686	1,830,996
School-Sponsored Instruction	1,766,670	1,434,414	1,410,772	1,491,489	1,470,382	1,391,942	1,392,876	1,454,563	1,494,818	1,615,837
<b>Support Services:</b>										
Tuition	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380
Student and Instruction Related Services	15,793,369	15,027,478	17,346,129	18,492,787	21,224,914	22,622,671	22,995,689	22,504,370	23,301,465	24,449,945
Central Services	1,487,707	1,257,133	1,250,862	1,423,763	1,399,045	1,990,035	1,342,054	1,314,916	1,363,776	1,328,422
Administrative Information Technology	1,319,028	272,669	268,544	713,418	725,469	4,612,683	803,152	798,073	838,030	758,215
General Administrative Services	4,329,703	1,627,834	1,917,706	1,833,498	2,172,875	1,310,991	2,081,026	1,879,769	2,074,750	2,528,679
School Administrative Services	8,054,912	7,898,069	4,188,259	4,310,048	4,574,757	843,050	4,732,220	4,578,561	4,787,560	4,812,556
Plant Operations And Maintenance	4,121,369	4,245,329	4,587,314	8,035,186	7,856,149	7,803,481	7,935,925	8,027,385	9,717,222	8,833,502
Pupil Transportation	25,960,512	24,358,225	25,808,190	26,020,243	27,210,100	29,818,675	33,415,259	35,503,265	39,199,306	40,443,259
Unallocated Benefits	462,743	503,306	477,788	402,760	156,178	10,448	43,223	33,016	42,971	18,393
Special Schools	19,292	21,582	7,204	7,204	10,420	4,098,791	3,616,859	2,181,404	4,261,714	4,684,478
Transfer to Charter Schools	6,180,917	4,167,480	2,841,957	2,728,830	3,515,868	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104
Capital Outlay	121,024,844	118,523,755	123,400,320	125,532,986	130,566,873	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104
<b>Total Expenditures</b>	<b>(266,071)</b>	<b>(612,792)</b>	<b>(656,297)</b>	<b>(5,848,142)</b>	<b>(2,938,920)</b>	<b>(1,383,001)</b>	<b>(2,906,558)</b>	<b>2,316,808</b>	<b>(4,135,217)</b>	<b>(2,434,934)</b>
<b>Excess/(Deficiency) Of Revenues Over/(Under) Expenditures</b>										
<b>Other Financing Sources/(Uses):</b>										
Type I School Debt Authorization	533,670				301,432	269,429	97,140	1,993,588	3,896,126	360,000
Capital Leases (Non-Budgeted)				68,771	2,384,926	11,215	2,203,366	2,438	889,126	3,033,179
Montclair Improvement Authorization				(234,986)	(2,485,756)	(61,803)	463	(226,863)	(1,136,562)	88,052
Transfers In				(115,000)				(204,131)		(215,090)
Transfers Out				(394,567)	(394,567)					
<b>Total Other Financing Sources/(Uses)</b>	<b>483,670</b>	<b>(394,567)</b>	<b>(115,000)</b>	<b>(166,215)</b>	<b>200,602</b>	<b>218,841</b>	<b>2,096,838</b>	<b>1,769,163</b>	<b>3,779,729</b>	<b>3,266,141</b>
<b>Net Change In Fund Balances</b>	<b>\$ 217,599</b>	<b>\$ (1,007,359)</b>	<b>\$ (671,297)</b>	<b>\$ (6,014,357)</b>	<b>\$ (2,738,318)</b>	<b>\$ (1,164,160)</b>	<b>\$ (809,720)</b>	<b>\$ 4,085,971</b>	<b>\$ (355,488)</b>	<b>\$ 831,207</b>
<b>Debt Service As A Percentage of Noncapital Expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: School District Financial Report

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Subscription Busing	Other	Total
2011	\$ 57,265	\$ 74,609	\$ 113,311	\$ 777		\$ 710,686	\$ 956,648
2012	60,563	64,983	95,093	45,826		543,877	810,342
2013	46,645	73,144	129,622	161,535		526,640	937,586
2014	59,993	67,944	107,772	202,391		440,865	878,965
2015	37,710	58,083	125,326	1,896,152 *		326,129	2,443,400
2016	43,155	41,743	41,057	651,887 *		202,142	979,984
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103
2018	205,962	167,105	100,965	106,132		257,263	837,427
2019	407,443	93,643	163,536	188,857		237,390	1,090,869
2020	297,216	103,243	48,139	1,215,186 #		400,880	2,064,664

\* - Includes a refund from Horizon Blue Cross

# - Includes a final settlement from prior health benefits plan provider

Source: Montclair Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2010	\$ 27,591,400	\$ 6,302,954,050	\$ 692,606,250	\$ 5,059,900	\$ 282,541,400	\$ 7,310,753,000	\$ 686,023,950	\$ 12,443,626	\$ 7,323,196,626	\$ 1.44	\$ 7,391,363,685
2011	26,808,200	6,190,707,050	672,102,250	5,059,900	274,447,400	7,169,124,800	732,540,450	12,016,628	7,181,141,428	1.42	6,956,465,593
2012	* 16,130,300	4,900,422,400	590,234,900	4,539,500	252,992,300	5,764,319,400	659,913,200	11,362,189	5,775,681,589	1.79	6,881,985,278
2013	16,472,400	4,894,705,110	588,899,400	4,894,705,110	252,173,500	5,756,789,910	656,601,900	9,368,010	5,766,157,920	1.80	6,603,712,425
2014	16,727,600	4,879,173,310	584,383,400	4,539,200	249,503,700	5,734,327,210	657,086,100	8,380,841	5,742,708,051	1.87	6,519,107,090
2015	17,538,800	4,883,842,510	577,300,700	4,539,200	246,801,000	5,730,022,210	657,073,600	7,948,928	5,737,971,138	1.97	6,746,283,622
2016	17,238,900	4,879,919,300	569,184,400	3,891,000	240,140,600	5,710,374,200	672,102,200	8,386,600	5,718,760,800	2.05	6,805,822,663
2017	16,524,600	4,895,004,400	563,938,000	3,891,000	243,149,800	5,722,507,800	699,897,000	8,116,600	5,730,624,400	2.11	7,107,693,577
2018	* 22,525,800	5,998,997,600	692,562,000	7,212,800	308,366,600	7,029,664,800	912,136,400	10,160,600	7,039,825,400	1.65	7,359,549,675
2019	27,821,000	6,008,889,700	693,121,700	7,212,800	313,571,400	7,050,616,600	910,875,000	9,411,300	7,060,027,900	1.68	7,836,749,193

\* - Revaluation year.

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Montclair Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Montclair Township	Essex County		
2010	\$ 1.44		\$ 1.44	\$ 0.67	\$ 0.41	\$ 2.52	
2011	1.42		1.42	0.72	0.42	2.56	
2012	* 1.79 *		1.79 *	0.92 *	0.54 *	3.25	
2013	1.80		1.80	0.94	0.56	3.30	
2014	1.87		1.87	0.95	0.59	3.41	
2015	1.97		1.97	0.95	0.61	3.53	
2016	2.05		2.05	0.96	0.62	3.63	
2017	2.11		2.11	0.98	0.64	3.73	
2018	* 1.65 *		1.65 *	0.92 *	0.52 *	3.09	
2019	1.68		1.68	0.93	0.54	3.15	

\* - Revaluation year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator



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

	2020			2011		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliffe Apartments		\$ 18,757,000	0.26 %	Lackawanna Associates	\$ 20,543,700	0.30 %
Hawthorne Towers, LLC		11,578,400	0.16 %	Hawthorne Towers Partnership	12,900,000	0.19 %
Bellclair, LLC		13,812,500	0.20 %	Princeton Bank & Industry Consulting Group	12,757,400	0.18 %
Montclairion Associates LP % Atlantic		10,823,800	0.15 %	Rockcliffe Apartments	12,236,500	0.18 %
Orange Pavilion, LLC		10,764,800	0.15 %	Bellclair, LLC	11,600,000	0.17 %
39-51 Church Street Association		10,126,800	0.14 %	Orange Pavilion	9,260,100	0.13 %
MKM Holdings		9,292,800	0.13 %	45 Church Street Associates	8,500,000	0.12 %
The Midland Realty Group		8,862,500	0.13 %	Gordonhurst Associates	8,474,200	0.12 %
Lackawanna 2013 LLC		8,600,000	0.12 %	Midland Realty Associates	7,000,000	0.10 %
510 Valley Road LLC		8,333,700	0.12 %	Richard Grabowsky, LLC	6,250,000	0.09 %
<b>Total</b>		<b>\$ 110,952,300</b>	<b>1.56 %</b>		<b>\$ 109,521,900</b>	<b>1.58 %</b>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 101,103,844	\$ 101,103,844	100.00%	\$ -0-
2012	97,509,698	97,509,698	100.00%	-0-
2013	97,509,698	97,509,698	100.00%	-0-
2014	97,509,698	97,509,698	100.00%	-0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-
2017	109,921,598	109,921,598	100.00%	-0-
2018	112,636,548	112,636,548	100.00%	-0-
2019	115,941,279	115,941,279	100.00%	-0-
2020	118,260,105	118,260,105	100.00%	-0-

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

Source: Montclair Township School District records including the Certificate and Report of School Taxes (A4F Form)

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases					
2011	\$ -0-	\$ -0-		\$ -0-	\$ -0-	0.00 %	\$ -0-
2012	-0-	-0-		-0-	-0-	0.00 %	-0-
2013	-0-	-0-		-0-	-0-	0.00 %	-0-
2014	-0-	-0-		-0-	-0-	0.00 %	-0-
2015	-0-	251,561		-0-	251,561	0.01 %	6.65
2016	-0-	370,546		-0-	370,546	0.02 %	9.63
2017	-0-	295,855		-0-	295,855	0.01 %	7.66
2018	-0-	125,776		-0-	125,776	0.01 %	3.26
2019	-0-	39,649		-0-	39,649	0.00 %	1.03
2020	-0-	305,184		-0-	305,184	0.01 %	7.91

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

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

Source: School District Financial Reports

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

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 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 Montclair	\$ 73,580,409	100.00%	\$ 73,580,409
Essex County General Obligation Debt	529,141,378	8.46%	44,759,161
Subtotal, Overlapping Debt			118,339,570
Montclair School District Direct Debt			-0-
Total Direct And Overlapping Debt			<u>\$ 118,339,570</u>

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

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

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Montclair Township's equalized property value that is within the Essex County's boundaries and dividing it by Essex County's total equalized property value.

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

Legal Debt Margin Calculation for Fiscal Year 2020

	Montclair Township
Equalized Valuation Basis	
2019	\$ 7,876,903,810
2018	7,790,828,771
2017	7,300,048,220
	<u>\$22,967,780,801</u>
Average Equalized Valuation of Taxable Property	<u>\$ 7,655,926,934</u>
Debt Limit (4% of Average Equalization Value) <sup>a</sup>	\$ 306,237,077
Net Bonded School Debt as of June 30, 2020	<u>-0-</u>
Legal Debt Margin	<u>\$ 306,237,077</u>

Montclair Township Debt Information

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 290,962,228	\$ 283,899,181	\$ 273,247,823	\$ 266,007,265	\$ 264,469,326
Total Net Debt Applicable to Limit	<u>98,951,394</u>	<u>78,553,510</u>	<u>80,327,640</u>	<u>71,192,725</u>	<u>72,870,022</u>
Legal Debt Margin	<u>\$ 192,010,834</u>	<u>\$ 205,345,671</u>	<u>\$ 192,920,183</u>	<u>\$ 194,814,540</u>	<u>\$ 191,599,304</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	34.01%	27.67%	29.40%	26.76%	27.55%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 267,474,394	\$ 274,796,198	\$ 191,622,921	\$ 295,500,638	\$ 306,237,077
Total Net Debt Applicable to Limit	<u>67,789,226</u>	<u>70,707,543</u>	<u>71,214,780</u>	<u>74,314,083</u>	<u>73,580,409</u>
Legal Debt Margin	<u>\$ 199,685,168</u>	<u>\$ 204,088,655</u>	<u>\$ 120,408,141</u>	<u>\$ 221,186,555</u>	<u>\$ 232,656,668</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.34%	25.73%	37.16%	25.15%	24.03%

**a** - Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

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

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

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	37,795	\$ 2,049,433,875	\$ 54,225	6.80%
2012	37,745	2,077,824,505	55,049	6.70%
2013	37,783	2,108,178,051	55,797	6.70%
2014	37,826	2,211,686,220	58,470	5.20%
2015	37,854	2,302,885,944	60,836	4.30%
2016	38,480	2,395,495,440	62,253	4.00%
2017	38,644	2,482,181,408	64,232	3.80%
2018	38,621	2,605,334,039	67,459	3.20%
2019	38,564	2,601,488,876	67,459 *	2.70%
2020	38,564 **	2,601,488,876 ***	67,459 *	N/A

\* - Latest Essex County per capita personal income available (2018) was used for calculation purposes.

\*\* - Latest population data available (2019) was used for calculation purposes.

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

N/A - Information not available

Source:

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

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

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

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

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

2020		2011		Percentage of Total Employment
Employer	Employees	Employer	Employees	Employment

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township



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

<u>Function/Program</u>	<u>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	442.0	437.0	433.1	454.0	467.9	470.9	480.4	458.6	449.6	450.9
Special Education	112.0	114.0	147.9	163.0	143.6	141.8	134.6	132.7	134.6	146.0
Support Services:										
Student & Instruction Related Services	108.0	106.0	95.8	272.0	301.4	336.7	343.5	328.6	330.2	349.6
School Administrative Services	64.0	66.0	46.8	49.0	49.5	48.5	49.0	45.5	45.5	48.5
General and Business Administrative Services	5.0	6.0	5.7	4.0	3.0	3.0	4.3	4.3	4.3	4.3
Plant Operations and Maintenance	60.0	60.0	63.0	61.0	61.0	62.0	63.0	65.0	65.0	67.0
Pupil Transportation	2.0	2.0	2.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0
Business and Other Support Services	15.0	14.0	2.0	14.0	20.7	20.7	20.0	22.7	22.7	19.0
<b>Total</b>	<b>808.0</b>	<b>805.0</b>	<b>796.3</b>	<b>1,020.0</b>	<b>1,050.1</b>	<b>1,087.0</b>	<b>1,098.8</b>	<b>1,061.4</b>	<b>1,055.9</b>	<b>1,089.3</b>

Source: District Personnel Records

MONTCLAIR TOWNSHIP 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			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2011	6,645	\$ 114,843,927	\$ 17,283	-2.44 %	640	10.9:1	8.6:1	10.3:1	6,635	6,339	-0.41 %	95.54 %
2012	6,638	114,356,275	17,228	-0.32 %	637	12.8:1	8.5:1	10.0:1	6,638	6,352	0.05 %	95.69 %
2013	6,667	120,558,363	18,083	4.96 %	699	12.7:1	9.1:1	11.5:1	6,667	6,464	0.44 %	96.96 %
2014	6,736	122,804,156	18,231	0.82 %	704	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	708	10.1:1	8.2:1	9.7:1	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	757	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	723	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %
2018	6,635	137,882,111	20,781	0.69 %	720	12.1:1	9.7:1	12.9:1	6,664	6,323	-0.13 %	94.88 %
2019	6,659	149,479,456	22,448	8.02 %	720	12.1:1	9.7:1	12.9:1	6,664	6,323	0.00 %	94.88 %
2020	6,655	151,375,626	22,746	1.33 %	697	11.5:1	9.4:1	12.7:1	6,617	6,374	-0.71 %	96.33 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Montclair High School</b>										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,972	1,952	1,966	1,981	1,946	2,018	2,029	2,047	2,071	2,025
<b>Glenfield Middle School</b>										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	702	717	711	678	680	649	640	641	674	654
<b>Buzz Aldrin Middle School</b>										
Square Feet	125,799	125,799	125,799	126,568	126,568	126,568	126,568	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	578	554	545	546	646	642	659	658	658	661
<b>Renaissance Middle School</b>										
Square Feet	38,722	38,722	38,722	37,167	37,167	37,167	37,167	37,167	37,167	37,167
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	243	253	262	269	276	284	289	280	256	242
<b>Bradford Elementary School</b>										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	471	451	450	427	441	431	426	430	436	389
<b>Bullock Elementary School</b>										
Square Feet	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	399	433	442	384	481	463	439	448	448	434

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	289	305	296	396	284	288	283	291	291	237
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	620	650	626	531	560	587	591	521	521	535
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	479	479	469	467	489	458	423	394	394	428
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	442	456	448	442	441	436	415	416	416	391
Rand Elementary School										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Watchung Elementary School										
Square Feet	34,638	34,638	34,638	52,109	52,109	52,109	52,109	52,109	52,109	52,109
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	450	457	452	448	441	439	432	426	426	400

N/A- Not Applicable

Number of Schools at June 30, 2020

  Elementary = 8

  Middle School = 3

  High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

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

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

<u>School Facilities *</u>	<u>Projects #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bradford Elementary School	N/A	\$ 26,981	\$ 43,151	\$ 39,659	\$ 37,641	\$ 35,946
Bullock Elementary School	N/A	6,658	41,767	50,835	68,502	41,652
Edgemont Elementary School	N/A	19,498	24,522	28,724	32,790	27,907
Glenfield Middle School	N/A	71,614	132,436	95,360	103,155	122,785
Hillside Elementary School	N/A	51,563	116,235	88,680	84,818	58,285
Montclair High School	N/A	170,205	294,124	305,909	266,067	279,625
Buzz Aldrin Middle School	N/A	44,008	114,523	111,671	34,966	12,693
Nishuane Elementary School	N/A	38,097	64,539	55,792	42,586	61,091
Northeast Elementary School	N/A	46,597	46,998	58,313	56,390	51,954
Renaissance Middle School	N/A	27,319	58,794	39,390	36,368	61,288
Watchung Elementary School	N/A	36,402	40,292	34,732	40,991	29,641
		<u>\$ 538,942</u>	<u>\$ 977,381</u>	<u>\$ 909,065</u>	<u>\$ 804,274</u>	<u>\$ 782,867</u>

<u>School Facilities *</u>	<u>Projects #</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bradford Elementary School	N/A	\$ 23,657	\$ 70,566	\$ 88,175	\$ 59,008	\$ 40,699
Bullock Elementary School	N/A	31,932	39,862	31,715	49,764	42,865
Edgemont Elementary School	N/A	38,554	27,947	125,787	49,284	29,793
Glenfield Middle School	N/A	90,628	116,527	78,449	171,152	56,851
Hillside Elementary School	N/A	51,443	68,343	172,021	73,593	345,487
Montclair High School	N/A	277,444	321,473	476,500	435,569	464,318
Buzz Aldrin Middle School	N/A	135,193	47,739	66,341	69,830	256,859
Nishuane Elementary School	N/A	25,059	51,998	72,105	41,829	82,960
Northeast Elementary School	N/A	71,012	1,275	80,527	175,386	49,996
Renaissance Middle School	N/A	40,343	55,057	45,224	67,715	39,853
Watchung Elementary School	N/A	54,262	121,022	100,427	59,620	42,675
		<u>\$ 839,527</u>	<u>\$ 921,809</u>	<u>\$ 1,337,271</u>	<u>\$ 1,252,750</u>	<u>\$ 1,452,356</u>

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

Source: Montclair Township School District records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

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

Source: Montclair Township School District records.

**SINGLE AUDIT SECTION**



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 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 January 18, 2021.

**Internal Control Over Financial Reporting**

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

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

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



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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

January 18, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*  
\_\_\_\_\_  
Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

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

Independent Auditors' Report

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

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

***Basis for Qualified Opinion on Transportation Aid Major State Program***

As described in Finding 2020-001 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Eligibility and Types of Services Allowed or Unallowed. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

***Qualified Opinion on Transportation Aid Major State Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Aid major state program for the fiscal year ended June 30, 2020.

***Unmodified Opinion on Each of the Other Major Federal and State Programs***

In our opinion, 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 other major federal and state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2020.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2020-001, that we consider to be a significant deficiency.

The District’s response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

January 18, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

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

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Accounts Receivable Canceled	Balance at June 30, 2020	
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor				Unearned Revenue	Due to Grantor
						(Accounts Receivable)						
U.S. Department of Education - Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
	84.027	IDEA-3310-20	7/1/19	9/30/20	\$ 1,911,751		\$ 1,699,904	\$ (1,817,221)			\$ (117,317)	
	84.027	IDEA-3310-19	7/1/18	6/30/19	1,652,682		422,624					
	84.173	IDEA-3310-20	7/1/19	9/30/20	91,593		59,506	(58,058)			\$ 1,448	
	84.173	IDEA-3310-19	7/1/18	6/30/19	84,509		40,227					
							2,222,261	(1,875,279)			(117,317)	1,448
Subtotal Special Education Cluster Elementary and Secondary Education Act:												
	84.010	ESEA-3310-20	7/1/19	9/30/20	664,382		260,828	(354,802)			(93,974)	
	84.010	ESEA-3310-19	7/1/18	6/30/19	489,738		307,594					
							568,422	(354,802)			(93,974)	
	84.010	ESEA-3310-20	7/1/19	9/30/20	21,583		22,833	(9,310)	\$ 318		(649)	
	84.010	ESEA-3310-19	2/1/19	9/30/19	34,528		22,833	(9,959)	318		(649)	
							45,666	(19,269)	636		(1,298)	
							22,833	(9,959)	318		(649)	
							71,339	(97,883)			(26,544)	
	84.010	ESEA-3310-19	7/1/18	6/30/19	184,219		135,135		1,000		(26,544)	
							206,474	(97,883)	1,000		(26,544)	
							47,213	(53,521)			(6,308)	
	84.367A	ESEA-3310-20	7/1/19	9/30/20	238,279		23,861				(6,308)	
	84.367A	ESEA-3310-19	7/1/18	6/30/19	79,735		71,074	(53,521)			(6,308)	
							4,253	(4,391)			(138)	
	84.365A	ESEA-3310-20	7/1/19	9/30/20	10,337		6,682				(138)	
	84.365A	ESEA-3310-19	7/1/18	6/30/19	6,682		10,935	(4,391)			(138)	
							10,935	(4,391)			(138)	
	84.358	ESEA-3310-20	7/1/19	9/30/20	53,187		18,498					
	84.358	ESEA-3310-19	7/1/18	6/30/19	20,398		18,498					
							898,236	(520,556)		1,318	(127,613)	
							3,120,497	(2,395,835)		1,318	(244,930)	1,448
							3,120,497	(2,395,835)		1,318	(244,930)	1,448
	93.778	N/A	7/1/19	6/30/20	85,979		85,979	(85,979)				
							85,979	(85,979)				
							85,979	(85,979)				
Total U.S. Department of Health and Human Services												
N/A - Not Available/Applicable												

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

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2020		Amount Provided to Subrecipients
			From	To		Revenue/ (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Child Nutrition Cluster:													
School Breakfast Program	10.553	N/A	7/1/19	6/30/20	\$ 37,502	\$ 37,502	\$ 37,502	\$ (37,502)					
School Breakfast Program - COVID-19 Seamless Summer Option	10.553	N/A	3/18/20	6/30/20	22,307	4,421	4,421	(22,307)					
School Breakfast Program	10.553	N/A	7/1/18	6/30/19	52,960	\$ (5,078)	5,078					\$ (17,886)	
Subtotal School Breakfast Program						(5,078)	47,001	(59,809)				(17,886)	
National School Lunch Program	10.555	N/A	7/1/19	6/30/20	266,925	266,925	266,925	(266,925)					
National School Lunch Program - COVID-19 Seamless Summer Option	10.555	N/A	3/18/20	6/30/20	38,896	8,046	8,046	(38,896)					
National School Lunch Program	10.555	N/A	7/1/18	6/30/19	402,689	(35,396)	35,396					(30,850)	
Subtotal National School Lunch Program						(35,396)	310,367	(305,821)				(30,850)	
Federal Food Distribution Program	10.555	N/A	7/1/19	6/30/20	72,486	72,486	72,486	(62,103)				\$ 10,383	
Federal Food Distribution Program	10.555	N/A	7/1/18	6/30/19	81,550	5,757	(5,757)						
Subtotal Federal Food Distribution Program						5,757	72,486	(67,860)				10,383	
Subtotal Child Nutrition Cluster						(34,717)	429,854	(433,490)				(48,736)	
Total U.S. Department of Agriculture						(34,717)	429,854	(433,490)				(48,736)	
TOTAL FEDERAL AWARDS:						\$ (1,004,179)	\$ -0-	\$ 3,636,330	\$ (2,915,304)	\$ 1,318	\$ (293,666)	\$ 11,831	\$ -0-

N/A - Not Available/Applicable

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

MONTECLAIR 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		Program or Award Amount	Balance at June 30, 2019				Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures Canceled	Due to Grantor		GAAP (Accounts Receivable)	Due to Grantor		Budgetary Receivable	Cumulative Total Expenditures
General Fund:														
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	\$ 5,352,479	\$ 4,829,417		\$ (506,033)	\$ (5,352,479)	\$ 523,062	\$ 5,352,479				
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	5,175,373	506,033									
Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	1,175,389	1,060,526		(114,926)	(1,175,389)	114,863	1,175,389				
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	1,175,389	1,060,526		(114,926)							
Security Aid	20-495-034-5120-084	7/1/19	6/30/20	755,225	681,422		(73,844)	(755,225)	73,803	755,225				
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	755,225	73,844									
Adjustment Aid	20-495-034-5120-085	7/1/19	6/30/20	322,539	291,020		(31,537)	(322,539)	31,519	322,539				
Adjustment Aid	19-495-034-5120-085	7/1/18	6/30/19	322,539	31,537									
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19	6/30/20	1,537,639	1,354,551		(183,088)	(1,537,639)	1,537,639	1,537,639				
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	6/30/19	1,579,938	1,354,551									
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18	6/30/19	72,790	80,910		(8,910)							
On-Behalf TPAF Contributions:														
Post-Retirement Medical	20-495-034-5094-001	7/1/19	6/30/20	4,512,714	4,512,714			(4,512,714)		4,512,714				
Pension	20-495-034-5094-002	7/1/19	6/30/20	11,950,060	11,950,060			(11,950,060)		11,950,060				
Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	214,191	214,191			(214,191)		214,191				
Long-Term Disability Insurance	20-495-034-5094-004	7/1/19	6/30/20	7,210	7,210			(7,210)		7,210				
Reimbursed TPAF Social Security Aid	20-495-034-5094-003	7/1/19	6/30/20	4,331,582	4,115,326		(216,256)	(4,331,582)	216,256	4,331,582				
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18	6/30/19	4,053,603	202,093		(202,093)							
Total General Fund State Aid					30,025,780		(2,363,894)	(30,159,028)	2,497,142	30,159,028				
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	20-100-034-5120-064	7/1/19	6/30/20	95,353	95,353			(95,353)	\$ 19,943	75,410				
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	95,853	95,853									
Nursing Services (Chapter 226)	20-100-034-5120-070	7/1/19	6/30/20	175,473	175,473			(175,473)		175,473				
Auxiliary Services (Chapter 192):														
Compensatory Education	20-100-034-5120-067	7/1/19	6/30/20	120,868	96,231			(101,887)		101,887				
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	111,507	111,507									
Home Instruction	20-100-034-5120-067	7/1/19	6/30/20	8,146	8,146			(8,146)		8,146				
Home Instruction	19-100-034-5120-067	7/1/18	6/30/19	8,176	8,176									
Handicapped Services (Chapter 193):														
Supplementary Instruction	20-100-034-5120-066	7/1/19	6/30/20	78,519	72,632			(63,303)		63,303				
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	66,371	66,371									
Examination and Classification	20-100-034-5120-066	7/1/19	6/30/20	119,468	110,641			(59,844)		59,844				
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	128,844	110,641									
Corrective Speech	20-100-034-5120-066	7/1/19	6/30/20	28,436	25,629			(17,955)		17,955				
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	20,713	25,629									
Security Aid	20-100-034-5120-509	7/1/19	6/30/20	271,350	271,350			(261,094)		261,094				
Security Aid	19-100-034-5120-509	7/1/18	6/30/19	269,250	271,350									
Technology Initiative	20-100-034-5120-373	7/1/19	6/30/20	65,124	65,124			(52,619)		52,619				
Technology Initiative	19-100-034-5120-373	7/1/18	6/30/19	64,620	65,124									
Total Special Revenue Fund					920,609		(8,176)	(815,731)	50,304	815,731				
Total Special Revenue Fund					920,609		(8,176)	(815,731)	50,304	815,731				

MONICLAIR 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		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor		Budgetary Receivable
State Department of Education:														
Enterprise Fund:														
State School Lunch Program	20-100-010-3350-023	7/1/19	6/30/20	\$ 9,092	\$	\$ 9,092	\$ (9,092)						\$	9,092
State School Lunch Program	19-100-010-3350-023	7/1/18	6/30/19	13,832	(1,260)	1,260								
State School Lunch Program - COVID-19 Seamless Summer Option	20-100-010-3350-023	3/18/20	6/30/20	615		127	(615)						\$	488
Supplemental	20-100-010-3350-023	7/1/19	6/30/20	3,298			(3,298)						\$	3,298
Total Enterprise Fund					(1,260)	10,479	(13,005)				(3,786)			3,786
Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/20	990,572	(990,572)	181,995		\$ 41,395						990,572
	Various	Various	Various	7,030,741	(1,134,388)	181,995								910,998
Total Capital Projects Fund					(2,124,960)	181,995		41,395						1,901,570
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$ (4,498,290)	\$ 72,797	\$ 31,138,863	\$ (30,987,764)	\$ 41,395	\$ (72,797)	\$ (1,807,985)	\$ 147,006	\$ 4,452,802	\$ 37,107,507
Less - State Awards Not Subject to Single Audit Major Program Determination:														
On-Behalf TPAF Pension System Contributions:														
Post-Retirement Medical	20-495-034-5094-001	7/1/19	6/30/20	4,512,714			4,512,714							
Pension	20-495-034-5094-002	7/1/19	6/30/20	11,950,060			11,950,060							
Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	214,191			214,191							
Long-Term Disability Insurance	20-495-034-5094-004	7/1/19	6/30/20	7,210			7,210							
Subtotal On-Behalf TPAF Pension System Contributions							16,684,175							
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION							\$ (14,303,589)							

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



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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Township of Montclair School District under programs of the federal and state governments for the fiscal year ended June 30, 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, special revenue fund and capital projects fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$(16,907) for the General Fund and \$(381,590) for the Special Revenue Fund (of which \$4,934 is for local grants not reflected on the schedules of assistance). See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 85,979	\$ 30,142,121	\$ 30,228,100
Special Revenue Fund	2,268,970	556,072	2,825,042
Food Service Fund	433,490	13,005	446,495
Total Financial Assistance	\$ 2,788,439	\$ 30,711,198	\$ 33,499,637

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.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,901,570 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2020 after having received \$181,995 and canceling \$41,395 in 2019-20. As of June 30, 2020 none of these funds have been expended, submitted for reimbursement or been drawn down and received. The District received reimbursement of \$181,995 The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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.
- A significant deficiency in internal control over a major state program disclosed during the audit is reported in the *Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance*. There were no material weaknesses reported.
- The auditor's report on compliance for each major federal and state program for the District expresses a qualified opinion on the District's compliance for the Transportation Aid major state program and an unmodified opinion on each of the other major federal and state programs.
- Audit finding 2020-001, which is required to be reported in accordance with the New Jersey's OMB Circular 15-08 and 2 CFR 200.516(a) the Uniform Guidance is reported in this schedule.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	Federal CFDA/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
Special Education Cluster:				
IDEA Part B, Basic	84.027	7/1/19-9/30/20	\$ 1,911,751	\$ 1,817,221
IDEA Part B, Preschool	84.173	7/1/19-9/30/20	91,593	58,058
State:				
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	5,352,479	5,352,479
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	755,225	755,225
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	322,539	322,539
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,175,389	1,175,389

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

Summary of Auditors' Results: (Cont'd)

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

Finding 2020-001: New Jersey Department of Education – Transportation Aid – Material Non Compliance – Types of Services Allowed or Unallowed and Significant Deficiency.

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures	Questioned Costs
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	\$ 1,175,389	\$ 1,175,389	\$ -0-

Criteria:

New Jersey Department of Education State Aid/Grant Compliance Supplement requirements:

In accordance with the New Jersey Department of Education’s *Transportation Aid Compliance Supplement*, the District must report transported resident students on the District Report of Transported Resident Students (DRTRS).

Condition and Context:

Our review of the District’s 2019-2020 District Report of Transported Resident Students revealed that the District inadvertently omitted reporting regular – special education and aid in lieu – nonpublic students transported.

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

(Continued)

Findings and Questioned Costs for State Awards: (Cont'd)

Finding 2020-001: New Jersey Department of Education – Transportation Aid – Material Non Compliance – Types of Services Allowed or Unallowed and Significant Deficiency.

Effect:

The District is not in full compliance with Transportation compliance requirements as listed above.

Cause:

Although the District continues to make every effort to understand and comply with the many Transportation requirements and regulations the District currently does not have the policies and procedures in place to ensure compliance.

Recommendation:

Greater care be taken to ensure accurate reporting of transported students in all categories, including the omitted regular – special education and aid in lieu – nonpublic students transported on the District Report of Transported Resident Students (DRTRS).

Management's Response:

The District will make every effort to ensure that the District Report of Transported Students accurately reflects transported students in all categories. Additionally, the District will review and update its policies and/or procedures to ensure compliance with state grant requirements and will continue to seek assistance and guidance with regard to the above.

MONTCLAIR 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.