

**SCHOOL DISTRICT
OF
THE TOWNSHIP OF MONTAGUE**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

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

Montague, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

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

Finance Department

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors.....	6
 FINANCIAL SECTION.....	 7
Independent Auditors’ Report.....	8
Required Supplementary Information	11
Management’s Discussion and Analysis.....	12
Basic Financial Statements (Sections A. and B.).....	19
A. District-Wide Financial Statements	20
A-1 Statement of Net Position	21
A-2 Statement of Activities.....	22
B. Fund Financial Statements.....	24
B-1 Balance Sheet – Governmental Funds	25
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	26
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
B-4 Statement of Net Position – Proprietary Funds.....	28
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	29
B-6 Statement of Cash Flows – Proprietary Funds.....	30
Notes to the Basic Financial Statements	31
Required Supplementary Information	68
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits	
Other than Pensions	69
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	69
L-2 Schedule of District Contributions – Public Employees Retirement System	70
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Associated With the District – Teachers’ Pension and Annuity Fund	71
L-4 Schedule of State Contributions – Teachers’ Pension and Annuity Fund	72
L-5 Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	73
Notes to Required Supplementary Information	74

MONTAGUE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Cont'd)

C.	Budgetary Comparison Schedules.....	76
C-1	Budgetary Comparison Schedule – General Fund.....	77
C-2	Combining Budgetary Schedule – Special Revenue Fund.....	87
C-3	Budgetary Comparison Schedule- Note to Required Supplementary Information.....	88

Other Supplementary Schedules (D.-I.)

D.	School Level Schedules (Not Applicable).....	90
E.	Special Revenue Fund.....	91
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	92
E-2	Preschool Education Aid Schedule of Expenditures.....	95
F.	Capital Projects Fund (Not Applicable).....	96
G.	Proprietary Funds.....	97
Enterprise Funds:		
G-1	Statement of Net Position.....	98
G-2	Statement of Revenue, Expenses and Changes in Net Position.....	99
G-3	Statement of Cash Flows.....	100
H.	Fiduciary Activities (Not Applicable).....	101
I.	Long-Term Debt (Not Applicable).....	102

STATISTICAL SECTION

J.	Statistical Section (Unaudited).....	103
J-1	Net Position by Component.....	104
J-2	Changes in Net Position.....	105
J-3	Fund Balances- Governmental Funds.....	107
J-4	Changes in Fund Balances- Governmental Funds.....	108
J-5	General Fund Other Local Revenue by Source.....	110
J-6	Assessed Value and Actual Value of Taxable Property.....	111
J-7	Direct and Overlapping Property Tax Rates.....	112
J-8	Principal Property Tax Payers.....	113
J-9	Property Tax Levies and Collections.....	114
J-10	Ratios of Outstanding Debt by Type.....	115
J-11	Ratios of Net General Bonded Debt Outstanding.....	116
J-12	Ratios of Overlapping Governmental Activities Debt.....	117
J-13	Legal Debt Margin Information.....	118
J-14	Demographic and Economic Statistics.....	119

MONTAGUE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

STATISTICAL SECTION (CONT'D)

J.	Statistical Section (Unaudited) (Cont'd)	
	J-15 Principal Employers.....	120
	J-16 Full-Time Equivalent District Employees by Function/Program	121
	J-17 Operating Statistics	122
	J-18 School Building Information	123
	J-19 Schedule of Required Maintenance for School Facilities	124
	J-20 Insurance Schedule	125
K.	SINGLE AUDIT SECTION.....	126
	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>	127
	K-2 Independent Auditors' Report on Compliance for Each Major State Program And Report on Internal Control over Compliance	129
	K-3 Schedule of Expenditures of Federal Awards.....	131
	K-4 Schedule of Expenditures of State Awards.....	133
	K-5 Notes to the Schedules of Expenditures of Federal and State Awards	134
	K-6 Schedule of Findings and Questioned Costs.....	136
	K-7 Summary Schedule of Prior Audit Findings.....	137

INTRODUCTORY SECTION

MONTAGUE TOWNSHIP SCHOOL DISTRICT

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John Nittolo

Acting Chief School Administrator

Dana Berry

Confidential District Office Secretary

Carolyn B Joseph

Interim School Business Administrator

Melinda Bellis

*District Office Secretary/
Finance Secretary*

November 13, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Montague Township School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

2) MAJOR INITIATIVES: The Montague Township School District maintains focus on updating the curriculum and materials, new instructional practices, and expanding new programming for access to all students. The District provides ongoing professional development for all staff through PLC meetings 15 times a year. The implementation of the Long-Term Strategic Plan that was created by the Board of Education that identified priorities and guidance for the next 5 years will be implemented to ensure that all priorities are funded and focuses on students.

The Budget Priorities are safety and security, continuity of programs, instructional technology, operations, and facilities management.

3) ECONOMIC CONDITION AND OUTLOOK: During the 2020-2021 school year, increase in expenses, coupled with cuts in State Aid had an impact on our school district. Increases included Instruction, Operations/Transportation, Benefits, Capital Projects, and Charter School Tuition.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2021.

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

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

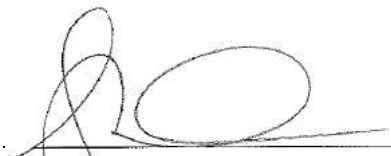
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts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

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

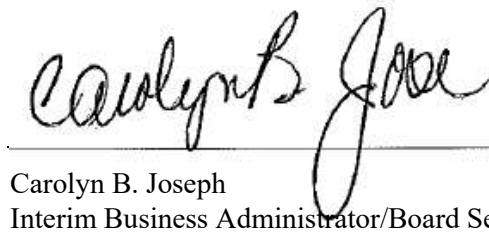
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes,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

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

Respectfully submitted,

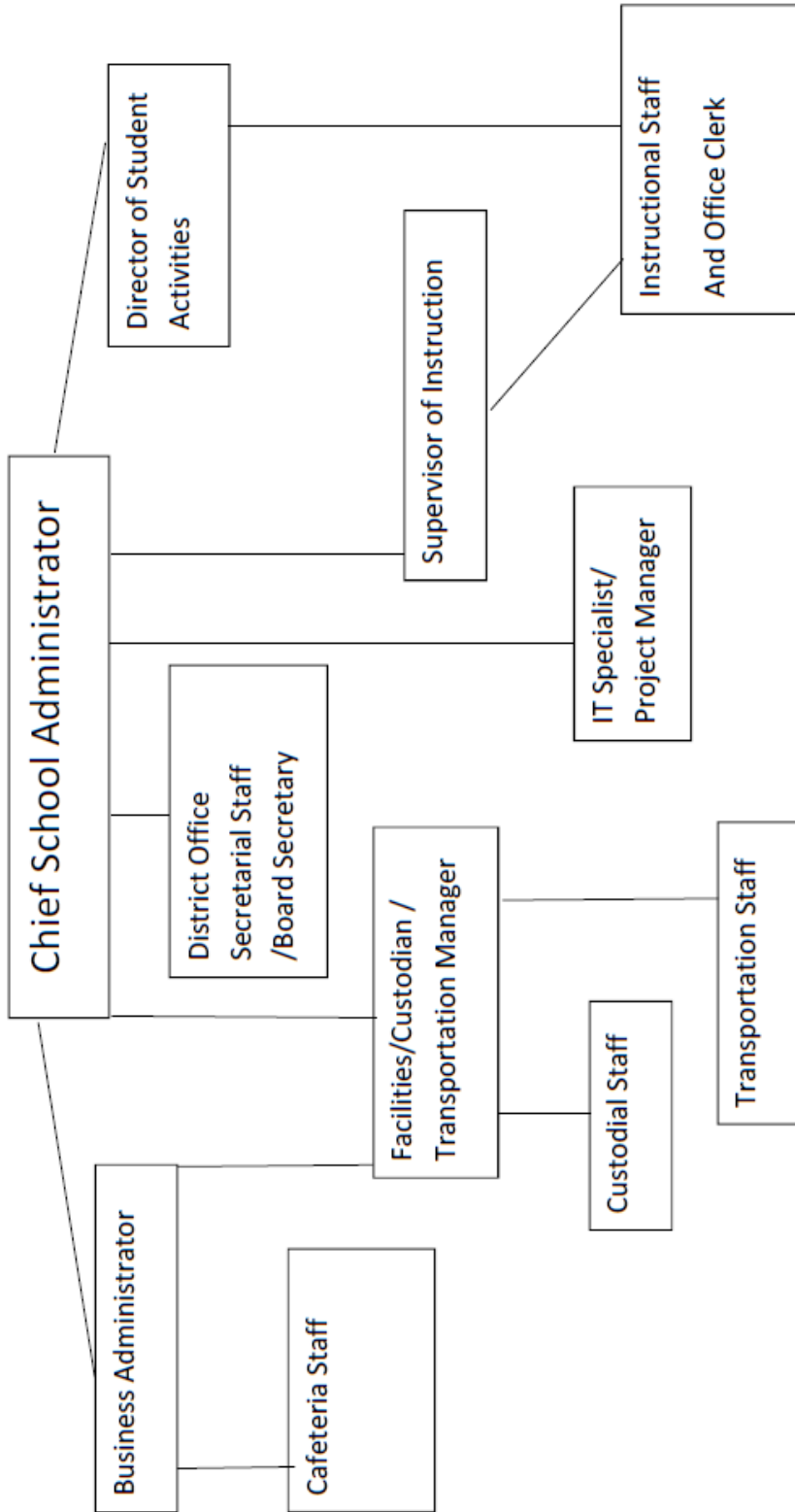


John Nittolo
Acting Chief School Administrator



Carolyn B. Joseph
Interim Business Administrator/Board Secretary

MONTAGUE TOWNSHIP SCHOOL DISTRICT
ORGANIZATIONAL CHART



**MONTAGUE TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara Holstein, President	2024
Denise Bogle, Vice President	2024
Dale Bouma	2023
Paul Brislin	2023
Danielle Christmann	2023
Krista Mikulski	2022
Glen Plotsky	2022

<u>Other Officials</u>	<u>Title</u>
Timothy C. Capone	Chief School Administrator/Principal <i>(Term ended April 2021)</i>
John Nittolo	Acting Chief School Administrator <i>(Term commenced May 2021)</i>
Erkan Gumustekin	School Business Administrator <i>(Term ended June 2021)</i>
Maria Costa	Board Secretary <i>(Term ended September 2020)</i>
Aldijana Reckovic	Board Secretary <i>(October 2020 thru April 2021)</i>
Rene Metzgar	Treasurer of School Monies

Montague Township School District Consultants and Advisors

Audit Firm

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

Attorneys

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

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

Official Depositories

SB ONE BANK
399 Route 23
Franklin, New Jersey 07416
(July 2020)

Provident Bank
266 Clove Road
Montague, New Jersey 07827
(August 2020 through June 2021)

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 21 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 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.

Mount Arlington, New Jersey
November 13, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

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

**MONTAGUE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Montague Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District’s Financial Report

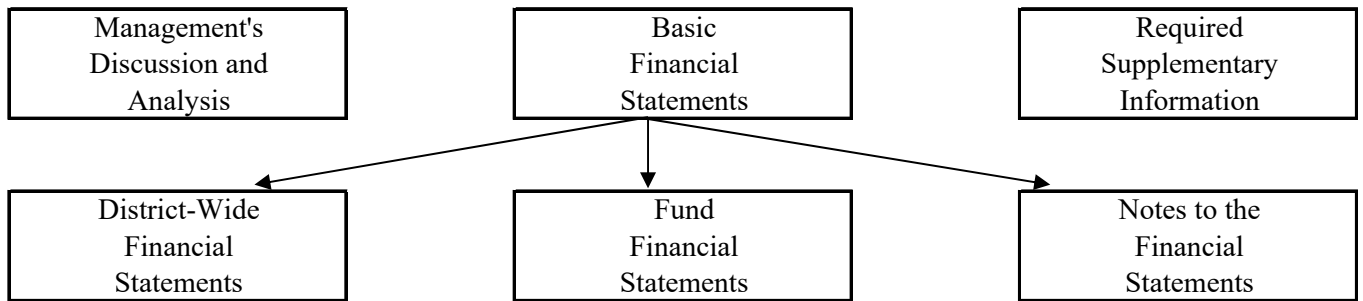


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 72.24%. Net position from governmental activities increased by \$2,281,762 and net position from business-type activities decreased by \$13,268. Net investment in capital assets increased by \$636,789, restricted net position increased by \$1,505,377 and unrestricted net position increased by \$126,328.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	(Restated)				(Restated)		
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Current and Other Assets	\$ 4,979,973	\$ 3,206,799	\$ 15,138	\$ 13,047	\$ 4,995,111	\$ 3,219,846	
Capital Assets, Net	2,334,595	1,696,173	5,240	6,873	2,339,835	1,703,046	
Total Assets	<u>7,314,568</u>	<u>4,902,972</u>	<u>20,378</u>	<u>19,920</u>	<u>7,334,946</u>	<u>4,922,892</u>	49.00%
Deferred Outflows of Resources	<u>635,225</u>	<u>179,966</u>			<u>635,225</u>	<u>179,966</u>	252.97%
Other Liabilities	768,299	580,499	14,603	877	782,902	581,376	
Long-Term Liabilities	1,110,841	790,679			1,110,841	790,679	
Total Liabilities	<u>1,879,140</u>	<u>1,371,178</u>	<u>14,603</u>	<u>877</u>	<u>1,893,743</u>	<u>1,372,055</u>	38.02%
Deferred Inflows of Resources	<u>667,740</u>	<u>590,609</u>			<u>667,740</u>	<u>590,609</u>	13.06%
Net Position:							
Net Investment in Capital Assets	2,334,595	1,696,173	5,240	6,873	2,339,835	1,703,046	
Restricted	3,774,076	2,268,699			3,774,076	2,268,699	
Unrestricted/(Deficit)	<u>(705,758)</u>	<u>(843,721)</u>	<u>535</u>	<u>12,170</u>	<u>(705,223)</u>	<u>(831,551)</u>	
Total Net Position	<u>\$ 5,402,913</u>	<u>\$ 3,121,151</u>	<u>\$ 5,775</u>	<u>\$ 19,043</u>	<u>\$ 5,408,688</u>	<u>\$ 3,140,194</u>	72.24%

Changes in Net Position. The District's combined net position was \$5,408,688 on June 30, 2021, \$2,268,494 or 72.24% more than the prior year (See Figure A-3). Net investment in capital assets increased by \$636,789 due to current year depreciation of \$149,498, net of capital asset additions of \$786,287. Restricted net position increased by \$1,505,377 primarily due to increases in the capital, maintenance and impact act reserves. Unrestricted net position increased by \$126,328 primarily due to the changes in deferred outflows and inflows and liability related to pensions and decrease in encumbrances, offset by an increase in compensated absences (See Figure A-3).

Figure A-4 Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2020/2021
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1		\$ 87	\$ 23,784	\$ 88	\$ 23,784	
Grants and Contributions:							
Operating	2,970,266	\$ 2,384,165	68,146	57,829	3,038,412	2,441,994	
General Revenue:							
Property Taxes	6,717,893	6,552,974			6,717,893	6,552,974	
Federal and State Aid Not Restricted	1,902,417	2,088,287			1,902,417	2,088,287	
Other	147,667	12,710	3	2	147,670	12,712	
Total Revenue	<u>11,738,244</u>	<u>11,038,136</u>	<u>68,236</u>	<u>81,615</u>	<u>11,806,480</u>	<u>11,119,751</u>	6.18%
Expenses:							
Instruction	3,954,993	3,682,164			3,954,993	3,682,164	
Pupil and Instruction Services	2,935,626	3,145,906			2,935,626	3,145,906	
Administrative and Business	862,350	750,891			862,350	750,891	
Maintenance and Operations	501,886	505,300			501,886	505,300	
Transportation	412,487	534,466			412,487	534,466	
Other	779,640	429,923	91,004	85,174	870,644	515,097	
Total Expenses	<u>9,446,982</u>	<u>9,048,650</u>	<u>91,004</u>	<u>85,174</u>	<u>9,537,986</u>	<u>9,133,824</u>	4.42%
Transfer	<u>(9,500)</u>	<u>(7,500)</u>	<u>9,500</u>	<u>7,500</u>	<u>-0-</u>	<u>-0-</u>	0.00%
Change in Net Position	<u>\$ 2,281,762</u>	<u>\$ 1,981,986</u>	<u>\$ (13,268)</u>	<u>\$ 3,941</u>	<u>\$ 2,268,494</u>	<u>\$ 1,985,927</u>	14.23%

Governmental Activities

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

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

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

Figure A-5 Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 3,954,993	\$ 3,682,164	\$ 1,901,586	\$ 2,018,566
Pupil and Instruction Services	2,935,626	3,145,906	2,406,836	2,751,289
Administrative and Business	862,350	750,891	803,355	750,891
Maintenance and Operations	501,886	505,300	501,886	505,300
Transportation	412,487	534,466	83,412	208,516
Other	779,640	429,923	779,640	429,923
	<u>\$ 9,446,982</u>	<u>\$ 9,048,650</u>	<u>\$ 6,476,715</u>	<u>\$ 6,664,485</u>

Business-Type Activities

Net position from the District’s business-type activities decreased by \$13,268 (Refer to Figure A-4) which is primarily due to the decrease in daily sales and increase in fees paid to Port Jervis as a result of increased rates.

Financial Analysis of the District’s Funds

The District’s financial position improved significantly. However, available revenues due to the hard 2% cap on the tax levy continue to be difficult funding issues. To maintain a stable financial position, the District must continue to practice, on a day-to-day basis, sound fiscal management and review of all purchases.

General Fund Budgetary Highlights

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

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

Capital Asset and Long-Term Liability Administration

Figure A-6 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2020/2021
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Sites (Land)	\$ 45,148	\$ 45,148			\$ 45,148	\$ 45,148	
Site Improvements	122,483	27,697			122,483	27,697	
Buildings and Building Improvements	1,492,979	1,399,360			1,492,979	1,399,360	
Machinery and Equipment	673,985	223,968	\$ 5,240	\$ 6,873	679,225	230,841	
Total Capital Assets (Net of Depreciation)	<u>\$ 2,334,595</u>	<u>\$ 1,696,173</u>	<u>\$ 5,240</u>	<u>\$ 6,873</u>	<u>\$ 2,339,835</u>	<u>\$ 1,703,046</u>	37.39%

The District’s overall capital assets increased by \$636,789 due to current year additions of \$786,287; offset by current year depreciation expense of \$149,498. (More detailed information about the District’s capital assets is presented in Note 5 to the basic financial statements.)

Long-term Liabilities

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

Figure A-7 Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2020/2021	2019/2020	
Net Pension Liability	\$ 1,033,808	\$ 672,165	
Other Long-term Liabilities	77,033	118,514	
	<u>\$ 1,110,841</u>	<u>\$ 790,679</u>	40.49%

- The District’s other long-term liabilities include compensated absences payable which decreased \$41,481 during the year.
- In fiscal year 2021, the District had an increase of \$361,643 in the net pension liability.

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

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

Many factors were considered by the School District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,393,196	\$ 4,668	\$ 1,397,864
Internal Balances	4,705	(4,705)	
Receivable from Federal Government	92,554	8,490	101,044
Receivable from State Government	175,442	2,895	178,337
Other Accounts Receivables		3,790	3,790
Restricted Cash and Cash Equivalents	3,314,076		3,314,076
Capital Assets, Net:			
Sites (Land)	45,148		45,148
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	2,289,447	5,240	2,294,687
Total Assets	<u>7,314,568</u>	<u>20,378</u>	<u>7,334,946</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	635,225		635,225
Total Deferred Outflows of Resources	<u>635,225</u>		<u>635,225</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	494,904	14,603	509,507
Payable to Federal Government	107		107
Unearned Revenue	273,288		273,288
Noncurrent Liabilities:			
Due Beyond One Year	1,110,841		1,110,841
Total Liabilities	<u>1,879,140</u>	<u>14,603</u>	<u>1,893,743</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	667,740		667,740
Total Deferred Inflows of Resources	<u>667,740</u>		<u>667,740</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,334,595	5,240	2,339,835
Restricted for:			
Excess Surplus	460,000		460,000
Capital Projects	2,585,115		2,585,115
Maintenance	239,982		239,982
Tuition	132,659		132,659
Unemployment Compensation	4,284		4,284
Scholarships	975		975
Student Activities	1,499		1,499
Impact Aid	349,562		349,562
Unrestricted/(Deficit)	<u>(705,758)</u>	<u>535</u>	<u>(705,223)</u>
Total Net Position	<u>\$ 5,402,913</u>	<u>\$ 5,775</u>	<u>\$ 5,408,688</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating	Governmental Activities	Business-type Activities	Total
			Grants and Contributions			
Governmental Activities:						
Instruction:						
Regular	\$ 3,667,264		\$ 1,532,915	\$ (2,134,349)		\$ (2,134,349)
Special Education	287,302		520,492	233,190		233,190
School-Sponsored Instruction	427			(427)		(427)
Support Services:						
Tuition	1,709,061		126,425	(1,582,636)		(1,582,636)
Student & Instruction Related Services	1,226,565	\$ 1	402,364	(824,200)		(824,200)
General Administrative Services	416,210		51,202	(365,008)		(365,008)
School Administrative Services	184,305		7,793	(176,512)		(176,512)
Central Services	174,867			(174,867)		(174,867)
Administration Information Technology	86,968			(86,968)		(86,968)
Plant Operations and Maintenance	501,886			(501,886)		(501,886)
Pupil Transportation	412,487		329,075	(83,412)		(83,412)
Capital Outlay	124,183			(124,183)		(124,183)
Charter Schools	655,457			(655,457)		(655,457)
Total Governmental Activities	9,446,982	1	2,970,266	(6,476,715)		(6,476,715)
Business-Type Activities:						
Food Service	91,004	87	68,146		\$ (22,771)	(22,771)
Total Business-Type Activities	91,004	87	68,146		(22,771)	(22,771)
Total Primary Government	9,537,986	88	3,038,412	(6,476,715)	(22,771)	(6,499,486)

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expenses)/Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 6,717,893	\$	6,717,893
Federal and State Aid Not Restricted	1,902,417		1,902,417
Interest Earnings	2,541	\$ 3	2,544
Miscellaneous Income	145,126		145,126
Transfers	(9,500)	9,500	
	8,758,477	9,503	8,767,980
Total General Revenues and Transfers			
Change in Net Position	2,281,762	(13,268)	2,268,494
Net Position - Beginning (Restated)	3,121,151	19,043	3,140,194
Net Position - Ending	\$ 5,402,913	\$ 5,775	\$ 5,408,688

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,239,858	\$ 153,338	\$ 1,393,196
Interfund Receivable	4,705		4,705
Receivables from Federal Government		92,554	92,554
Receivables from State Government	175,442		175,442
Restricted Cash and Cash Equivalents	3,311,602	2,474	3,314,076
Total Assets	<u>\$ 4,731,607</u>	<u>\$ 248,366</u>	<u>\$ 4,979,973</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payable to Federal Government		\$ 107	\$ 107
Accounts Payable	\$ 376,152	49,401	425,553
Unearned Revenue	3,741	269,547	273,288
Total Liabilities	<u>379,893</u>	<u>319,055</u>	<u>698,948</u>
Fund Balances:			
Restricted:			
Excess Surplus - For 2022-2023	460,000		460,000
Capital Reserve	2,585,115		2,585,115
Maintenance Reserve	239,982		239,982
Tuition Reserve	132,659		132,659
Impact Aid General Fund Reserve	349,562		349,562
Unemployment Compensation	4,284		4,284
Scholarships		975	975
Student Activities		1,499	1,499
Assigned:			
Other Purposes	150,543		150,543
For Subsequent Year's Expenditures	174,642		174,642
Unassigned/(Deficit)	254,927	(73,163)	181,764
Total Fund Balances/(Deficit)	<u>4,351,714</u>	<u>(70,689)</u>	<u>4,281,025</u>
Total Liabilities and Fund Balances	<u>\$ 4,731,607</u>	<u>\$ 248,366</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.	2,334,595
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 6).	(77,033)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,033,808)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds	<u>(101,866)</u>
Net Position of Governmental Activities	<u>\$ 5,402,913</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 6,717,893		\$ 6,717,893
Interest Earned	2,541		2,541
Restricted Miscellaneous Revenue		\$ 2	2
Miscellaneous	145,126		145,126
Total - Local Sources	6,865,560	2	6,865,562
State Sources	3,486,059	693,145	4,179,204
Federal Sources	165,599	375,815	541,414
Total Revenues	10,517,218	1,068,962	11,586,180
EXPENDITURES			
Current:			
Regular Instruction	1,698,896	675,451	2,374,347
Special Education Instruction	146,900	8,615	155,515
Support Services and Undistributed Costs:			
Tuition	1,653,368	55,693	1,709,061
Student and Other Instruction Related Services	711,943	237,850	949,793
General Administrative Services	333,805		333,805
School Administrative Services	95,383		95,383
Central Services	124,680		124,680
Administration Information Technology	67,495		67,495
Plant Operations and Maintenance	423,575		423,575
Pupil Transportation	345,707		345,707
Unallocated Benefits	1,935,255		1,935,255
Transfer to Charter Schools	655,457		655,457
Capital Outlay	663,098	153,898	816,996
Total Expenditures	8,855,562	1,131,507	9,987,069
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,661,656	(62,545)	1,599,111
OTHER FINANCING SOURCES/(USES)			
Transfers	(73,580)	64,080	(9,500)
Total Other Financing Sources/(Uses)	(73,580)	64,080	(9,500)
Net Change in Fund Balances	1,588,076	1,535	1,589,611
Fund Balance/(Deficit) — July 1 (Restated)	2,763,638	(72,224)	2,691,414
Fund Balance/(Deficit) — June 30	\$ 4,351,714	\$ (70,689)	\$ 4,281,025

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,589,611

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

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

Depreciation expense	\$ (147,865)	
Capital Outlays	<u>786,287</u>	638,422

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 (+).

41,481

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	(361,643)
Changes in Deferred Outflows and Inflows Related to Pensions	<u>373,891</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,281,762

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total Enterprise
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 4,668	\$ 4,668
Intergovernmental Receivable:		
Federal	8,490	8,490
State	2,895	2,895
Other Accounts Receivable	3,790	3,790
Total Current Assets	19,843	19,843
Non-Current Assets:		
Capital Assets	22,205	22,205
Less: Accumulated Depreciation	(16,965)	(16,965)
Total Non-Current Assets	5,240	5,240
Total Assets	25,083	25,083
LIABILITIES:		
Current Liabilities:		
Interfund Payable - General Fund	4,705	4,705
Accounts Payable	14,603	14,603
Total Current Liabilities	19,308	19,308
NET POSITION:		
Investment in Capital Assets	5,240	5,240
Unrestricted	535	535
Total Net Position	\$ 5,775	\$ 5,775

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total Enterprise
Operating Revenue:		
Local Sources:		
Daily Sales:		
Reimbursable Programs	\$ 87	\$ 87
Total Operating Revenue	87	87
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs	89,371	89,371
Depreciation Expense	1,633	1,633
Total Operating Expenses	91,004	91,004
Operating Loss	(90,917)	(90,917)
Non-Operating Revenue:		
Local Sources:		
Interest Income	3	3
State Sources:		
State School Lunch Program	85	85
COVID-19 - Seamless Summer Option	4,744	4,744
Federal Sources:		
National School Lunch Program	5,507	5,507
School Breakfast Program	3,456	3,456
COVID-19 - Seamless Summer Option	54,354	54,354
Total Non-Operating Revenue	68,149	68,149
Change in Net Position before Transfers	(22,768)	(22,768)
Transfers:		
Transfer In - General Fund	9,500	9,500
Change in Net Position	(13,268)	(13,268)
Net Position - Beginning of Year	19,043	19,043
Net Position - End of Year	\$ 5,775	\$ 5,775

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	
	Total Non-Major Funds	Total Enterprise
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 50	\$ 50
Payments to Suppliers for Goods and Services	(75,645)	(75,645)
Net Cash Used for Operating Activities	(75,595)	(75,595)
Cash Flows from Noncapital and Financing Activities:		
State Sources	1,977	1,977
Federal Sources	59,257	59,257
Transfers:		
Board Contribution	9,500	9,500
Interfund Returned - General Fund	3,775	3,775
Interfund Advanced - General Fund	4,705	4,705
Net Cash Provided by Noncapital Financing Activities	79,214	79,214
Cash Flows from Investment Activities:		
Interest Income	3	3
Net Cash Provided by Investing Activities	3	3
Net Increase in Cash and Cash Equivalents	3,622	3,622
Cash and Cash Equivalents, July 1	1,046	1,046
Cash and Cash Equivalents, June 30	\$ 4,668	\$ 4,668
Reconciliation of Operating Loss to Net Cash		
Used for Operating Activities:		
Operating Loss	(90,917)	(90,917)
Adjustment to Reconcile Operating Loss to Net Cash		
Used for Operating Activities:		
Depreciation	1,633	1,633
Changes in Assets and Liabilities:		
(Increase) in Other Accounts Receivable	(37)	(37)
Increase/(Decrease) in Accounts Payable	13,726	13,726
Net Cash Used for Operating Activities	\$ (75,595)	\$ (75,595)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund did not receive or utilize U.S.D.A. Commodities through the Food Distribution Program.

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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. Separate statements for each fund category – governmental and proprietary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,487,789	\$ 1,044,425
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Current Year Encumbrances		(60,767)
Cancellation of Prior Year Encumbrances		(1,007)
Prior Year Encumbrances		84,628
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	255,349	74,846
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(225,920)</u>	<u>(73,163)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,517,218</u>	<u>\$ 1,068,962</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,855,562	\$ 1,108,653
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Prior Year Encumbrances		84,628
Cancellation of Prior Year Encumbrances		(1,007)
Current Year Encumbrances		(60,767)
	\$ 8,855,562	\$ 1,131,507
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and Cash Equivalents and Investments:

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

F. Interfund Transactions

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

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2021, the amount earned by these employees, but not disbursed was \$152,041.

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.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

N. Compensated Absences: (Cont'd)

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 \$4,351,714 General Fund fund balance at June 30, 2021, \$150,543 is assigned for encumbrances; \$174,642 is designated for subsequent year's expenditures; \$2,585,115 is restricted in the capital reserve account; \$349,562 is restricted in the impact aid general fund reserve account; \$239,982 is restricted in the maintenance reserve account; \$132,659 is restricted in the tuition reserve account; \$4,284 is restricted for unemployment compensation; \$460,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated as revenue in the fiscal year ending June 30, 2023; and \$254,927 is unassigned fund balance which is \$225,920 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2022.

Special Revenue Fund: Of the deficit (\$70,689) Special Revenue Fund fund balance at June 30, 2021, \$975 is restricted for scholarships; \$1,499 is restricted for student activities; and (\$73,163) is unassigned, which is \$73,163 less, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2022.

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Q. Fund Balance Restrictions, Commitments, and Assignments:

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

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

Fund balance restrictions have been established for excess surplus, capital reserve, maintenance reserve, tuition reserve, impact aid general fund reserve, student activities, scholarships, and unemployment compensation.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources related to pensions at June 30, 2021.

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

R. Net Position: (Cont'd)

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

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$705,758 in governmental activities, which is due primarily to deferred outflows and inflows of resources related to pensions and the net pension liability. The District has a \$70,689 deficit fund balance in the Special Revenue Fund due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2022.

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

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

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

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%.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Deposits: (Cont'd)

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

Investments:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Restricted	Unrestricted	
Checking and Savings Accounts	\$ 3,314,076	\$ 1,343,928	\$ 4,658,004
New Jersey Cash Management Fund		53,936	53,936
	\$ 3,314,076	\$ 1,397,864	\$ 4,711,940

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$4,711,940 and the bank balance was \$5,039,162. The \$53,936 in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District on September 27, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question on the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1g, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,678,676
Add:	
Interest Earnings	601
Return of Unexpended Balance from Capital Outlay	300,000
Transfer from Unassigned Fund Balance by Board Resolution - June 14, 2021	1,040,838
Less:	
Budgeted Withdrawal	(300,000)
Withdrawal as per Board Resolutions	<u>(135,000)</u>
Ending Balance, June 30, 2021	<u>\$ 2,585,115</u>

The balance in the capital reserve account at June 30, 2021 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 45,148			\$ 45,148
Total Capital Assets Not Being Depreciated	45,148			45,148
Capital Assets Being Depreciated:				
Site Improvements	145,613	\$ 97,293		242,906
Buildings and Building Improvements	4,036,524	199,260		4,235,784
Machinery and Equipment	598,865	489,734		1,088,599
Total Capital Assets Being Depreciated	4,781,002	786,287		5,567,289
Governmental Activities Capital Assets	4,826,150	786,287		5,612,437
Less Accumulated Depreciation for:				
Site Improvements	(117,916)	(2,507)		(120,423)
Buildings and Building Improvements	(2,637,164)	(105,641)		(2,742,805)
Machinery and Equipment	(374,897)	(39,717)		(414,614)
	(3,129,977)	(147,865)		(3,277,842)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,696,173	\$ 638,422	\$ -0-	\$ 2,334,595

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 22,205			\$ 22,205
Less Accumulated Depreciation	(15,332)	\$ (1,633)		(16,965)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,873</u>	<u>\$ (1,633)</u>	<u>\$ -0-</u>	<u>\$ 5,240</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 57,009
Special Education	6,206
School Sponsored Instruction	354
Student and Instruction Related Services	28,514
General Administrative Services	13,953
School Administrative Services	106
Central Services	4,653
Administration Information Technology	2,762
Plant Operations and Maintenance	16,389
Pupil Transportation	17,919
	<u>\$ 147,865</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2020</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2021</u>
Net Pension Liability	\$ 672,165	\$ 361,643		\$ 1,033,808
Compensated Absences Payable	118,514		\$ 41,481	77,033
	<u>\$ 790,679</u>	<u>\$ 361,643</u>	<u>\$ 41,481</u>	<u>\$ 1,110,841</u>

A. Bonds Payable:

The Board had no bonds payable as of June 30, 2021.

B. Bonds Authorized But Not Issued:

The Board had no bonds authorized but not issued as of June 30, 2021.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance is \$-0- and the long-term liability balance of compensated absences is \$77,033. The General Fund will be used to liquidate compensated absences payable. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, 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, 2021 is \$-0- and the long-term portion is \$1,033,808. See Note 8 for further information on the PERS.

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$582,619 to the capital outlay accounts, of which \$447,619 was transferred for equipment which did not require approval from the County Superintendent. The remaining \$135,000 was transferred to facilities acquisition and construction services which required was a board approved withdrawal.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at 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.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 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 \$69,351 for fiscal year 2021. The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District reported a liability of \$1,033,808 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 July 1, 2019 which was rolled forward to 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 0.0063%, which was an increase of 0.0026% from its proportion measured as of June 30, 2019.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2021, the District recognized a pension expense of \$57,778. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 33,538	
	2017	5.48		\$ 97,857
	2018	5.63		96,006
	2019	5.21		76,242
	2020	5.16		162,760
				<u>33,538</u>
Difference Between Expected and Actual Experience	2016	5.57	1,018	
	2017	5.48	2,910	
	2018	5.63		3,656
	2019	5.21	5,828	
	2020	5.16	9,068	
				<u>18,824</u>
Changes in Proportion	2016	5.57	4,605	
	2017	5.00		85,311
	2018	5.63		132,744
	2019	5.21		13,164
	2020	5.16	473,571	
				<u>478,176</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(12,651)	
	2018	5.00	(11,733)	
	2019	5.00	2,840	
	2020	5.00	56,880	
				<u>35,336</u>
Contribution Made Subsequent to the Measurement Date	2020	1.00	69,351	
			<u>\$ 635,225</u>	<u>\$ 667,740</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (129,724)
2022	(118,269)
2023	(67,588)
2024	(27,331)
2025	(5,911)
	\$ (348,823)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 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. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 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, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,298,509	\$ 1,033,808	\$ 804,969

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, 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 2021, the State of New Jersey contributed \$616,207 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$837,560.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$13,469,004. 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 July 1, 2019 which was rolled forward to 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 0.0205%, which was an increase of 0.0003% from its proportion measured as of June 30, 2019.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	13,469,004
Total	<u>\$ 13,469,004</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$837,560 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			7,815,939,253	14,241,964,752
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			986,767,511	182,357,860
Net Difference Between Projected and Actual Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			656,175,235	
		\$ 9,458,881,999	\$ 14,424,322,612	

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Amounts reported by the State as collective deferred outflows and 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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 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. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 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, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.10%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 15,820,923	\$ 13,469,004	\$ 11,516,131

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$2,018 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$2,740 for the year ended June 30, 2021.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

Summarized financial information for the Group as of June 30, 2021 was not available at the time of audit. Selected, summarized financial information for the NJSIG as of June 30, 2020 is as follows:

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 16,000	\$ -0-	\$ -0-	\$ 12,089	\$ 4,284
2019-2020	12,000	1	-0-	11,795	373
2018-2019	11,200	-0-	-0-	13,341	167

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2021 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,705	
Proprietary Fund - Food Service Fund		\$ 4,705
	<u>\$ 4,705</u>	<u>\$ 4,705</u>

The interfund between the General Fund and Food Service Fund is an interfund advanced to the Food Service Fund to cover a cash deficit.

NOTE 12. DEFERRED COMPENSATION

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

- AXA Equitable Financial
- Lincoln Life Financial

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 13. TAX CALENDAR

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

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds.

	General Fund	Special Revenue Fund	Total Governmental Funds
Vendors	\$ 150,543	\$ 60,767	\$ 211,310

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 \$60,767 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2021:

	<u>Governmental Funds</u>		District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Food Service Fund</u>
Due to State of New Jersey			\$ 69,351	\$ 69,351	
Vendors	\$ 221,524	\$ 49,401		270,925	\$ 14,603
Payroll Deductions and Withholdings	2,587			2,587	
Accrued Salaries and Wages	152,041			152,041	
	<u>\$ 376,152</u>	<u>\$ 49,401</u>	<u>\$ 69,351</u>	<u>\$ 494,904</u>	<u>\$ 14,603</u>

NOTE 16. IMPACT AID GENERAL FUND RESERVE ACCOUNT

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

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

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

The activity of the impact aid general fund reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 183,963
Add:	
Transfer by Board Resolution	<u>165,599</u>
Ending Balance, June 30, 2021	<u>\$ 349,562</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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.

Actuarial Assumptions and Other Inputs

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

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

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%.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

Discount Rate

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

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

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

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

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$127,495 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

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

NOTE 18. MAINTENANCE RESERVE ACCOUNT

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 136,889
Add:	
Return of Unexpended Balance from Capital Outlay	150
Transfer by Board Resolution	154,203
Less:	
Withdrawal as per Board Resolution	<u>(51,260)</u>
Ending Balance, June 30, 2021	<u>\$ 239,982</u>

NOTE 19. TUITION RESERVE ACCOUNT

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

The activity of the tuition reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 132,659
Ending Balance, June 30, 2021	<u>\$ 132,659</u>

NOTE 20. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's 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. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

The District's Before and After Program Enterprise Fund has been and will likely continue to be impacted by COVID-19 for the fiscal year ending June 30, 2022, as the District has stopped running the program since the COVID-19 outbreak.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 21. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 3,118,156	\$ 2,995	\$ 3,121,151
<u>Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	2,763,265	373	2,763,638
Special Revenue Fund:			
Fund Balance - June 30	(74,846)	2,622	(72,224)
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	373	(373)	-0-
Scholarship Trust Fund:			
Net Position - End of the Year	1,124	(1,124)	-0-

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0053582936%	0.0063070832%	0.0065333359%	0.0050846660%	0.0038247595%	0.0037304202%	0.0063395062%
District's proportionate share of the net pension liability	\$ 1,003,219	\$ 1,415,814	\$ 1,935,046	\$ 1,183,629	\$ 753,076	\$ 672,165	\$ 1,033,808
District's covered employee payroll	\$ 397,514	\$ 432,817	\$ 358,746	\$ 274,429	\$ 244,698	\$ 391,536	\$ 404,016
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	252.37%	327.12%	539.39%	431.31%	307.76%	171.67%	255.88%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 44,173	\$ 54,224	\$ 58,390	\$ 47,842	\$ 38,318	\$ 37,388	\$ 69,351
Contributions in relation to the contractually required contribution	(44,173)	(54,224)	(58,390)	(47,842)	(38,318)	(37,388)	(69,351)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 432,817	\$ 358,746	\$ 274,429	\$ 244,698	\$ 391,536	\$ 404,016	\$ 489,963
Contributions as a percentage of covered employee payroll	10.21%	15.11%	21.28%	19.55%	9.79%	9.25%	14.15%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0252718611%	0.0245993334%	0.0250369653%	0.0230261706%	0.0226066879%	0.0201723120%	0.0204544427%
State's proportionate share of the net pension liability attributable to the District	\$ 13,506,987	\$ 15,547,829	\$ 19,695,671	\$ 15,525,075	\$ 14,381,889	\$ 12,379,938	\$ 13,469,004
District's covered employee payroll	\$ 2,495,206	\$ 2,531,867	\$ 2,402,629	\$ 2,246,299	\$ 2,357,053	\$ 2,105,058	\$ 2,210,348
State's proportionate share of the net pension liability attributable to the District as a percentage of the covered employee payroll	541.32%	614.09%	819.75%	691.14%	610.16%	588.10%	609.36%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 726,803	\$ 949,335	\$ 1,479,856	\$ 1,075,499	\$ 838,414	\$ 730,202	\$ 837,560
Contributions in relation to the contractually required contribution	(132,993)	(200,456)	(249,943)	(332,917)	(396,740)	(448,645)	(616,207)
Contribution deficiency/(excess)	\$ 593,810	\$ 748,879	\$ 1,229,913	\$ 742,582	\$ 441,674	\$ 281,557	\$ 221,353
District's covered employee payroll	\$ 2,531,867	\$ 2,402,629	\$ 2,246,299	\$ 2,357,053	\$ 2,105,058	\$ 2,210,348	\$ 2,344,738
Contributions as a percentage of covered employee payroll	5.25%	8.34%	11.13%	14.12%	18.85%	20.30%	26.28%

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

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Changes of Actuarial Assumptions (Cont'd)

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

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 6,717,893		\$ 6,717,893	\$ 6,717,893	
Unrestricted Miscellaneous Revenues	729		729	147,066	\$ 146,337
Interest Earned on Capital Reserve Funds	300		300	601	301
Total Revenues from Local Sources	6,718,922		6,718,922	6,865,560	146,638
Revenues from State Sources:					
Categorical Transportation Aid	326,614		326,614	326,614	
Extraordinary Aid				155,419	155,419
Extraordinary Aid - Excess Prior Year				7,448	7,448
Categorical Special Education Aid	257,132		257,132	257,132	
Equalization Aid	1,609,008		1,609,008	1,609,008	
Categorical Security Aid	100,706		100,706	100,706	
Nonpublic Transportation				1,160	1,160
TPAF Post Retirement Contributions (Non-Budgeted)				196,784	196,784
TPAF Pension Contributions (Non-Budgeted)				616,207	616,207
TPAF Non-Contributory Insurance (Non-Budgeted)				11,724	11,724
TPAF Long-Term Disability Insurance (Non-Budgeted)				356	356
Reimbursed TPAF Social Security Contributions				174,072	174,072
Total Revenues from State Sources	2,293,460		2,293,460	3,456,630	1,163,170
Revenues from Federal Sources:					
IMPACT AID - 8002 OR 8003 General				165,599	165,599
Total Revenues from Federal Sources				165,599	165,599
TOTAL REVENUE	9,012,382		9,012,382	10,487,789	1,475,407

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	\$ 269,443	\$ (16,622)	\$ 252,821	\$ 252,821	
Grades 1-5 - Salaries of Teachers	747,366	8,202	755,568	755,568	
Grades 6-8 - Salaries of Teachers	451,173	22,593	473,766	473,766	
Regular Programs - Undistributed Instruction					
Purchased Technical Services	38,000	3,365	41,365	26,057	\$ 15,308
Other Purchased Services (400-500 series)	2,000		2,000		2,000
General Supplies	89,000		89,000	31,811	57,189
Textbooks	147,750		147,750	147,750	
Other Objects	23,000	(3,365)	19,635	11,123	8,512
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,767,732</u>	<u>14,173</u>	<u>1,781,905</u>	<u>1,698,896</u>	<u>83,009</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	66,521	(14,783)	51,738		51,738
General Supplies	2,150		2,150		2,150
Total Learning and/or Language Disabilities	<u>68,671</u>	<u>(14,783)</u>	<u>53,888</u>		<u>53,888</u>
Resource Room/Resource Center:					
Salaries of Teachers	146,392		146,392	146,392	
General Supplies	3,000		3,000	508	2,492
Total Resource Room/Resource Center	<u>149,392</u>		<u>149,392</u>	<u>146,900</u>	<u>2,492</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>218,063</u>	<u>(14,783)</u>	<u>203,280</u>	<u>146,900</u>	<u>56,380</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.					
Salaries	14,000		14,000		14,000
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>14,000</u>		<u>14,000</u>		<u>14,000</u>

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction					
Salaries	\$ 16,000		\$ 16,000		\$ 16,000
Total School-Sponsored Athletics - Instruction	16,000		16,000		16,000
TOTAL INSTRUCTION	2,015,795	\$ (610)	2,015,185	\$ 1,845,796	169,389
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	1,471,562	(160,725)	1,310,837	1,310,837	
Tuition to Other LEAs Within the State-Special	254,414	(1,467)	252,947	127,929	125,018
Tuition to County Voc. School Dist.-Regular	109,008	(917)	108,091	93,111	14,980
Tuition to Priv. Sch. for the Handicap. W/I State	345,841		345,841	77,119	268,722
Tuition - State Facilities	44,372		44,372	44,372	
Total Undistributed Expenditures - Instruction	2,225,197	(163,109)	2,062,088	1,653,368	408,720
Undistributed Expend. - Attend. & Social Work					
Salaries	11,000	4,282	15,282	15,282	
Total Undist. Expend. - Attendance and Social Work	11,000	4,282	15,282	15,282	
Undistributed Expenditures - Health Services					
Salaries	71,729		71,729	64,156	7,573
Purchased Professional and Technical Services	10,000	(157)	9,843	5,000	4,843
Supplies and Materials	8,000		8,000	4,012	3,988
Total Undist. Expenditures - Health Services	89,729	(157)	89,572	73,168	16,404
Undist. Expend. - Speech, OT, PT, Related Svcs					
Salaries	64,459		64,459	62,743	1,716
Purchased Professional - Educational Services	220,000	(2,000)	218,000	170,368	47,632
Supplies and Materials	2,500		2,500		2,500
Total Undist. Expend. - Speech, OT, PT, Related Svcs	286,959	(2,000)	284,959	233,111	51,848

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Other Supp. Serv. Students-Extra. Serv.					
Salaries	\$ 75,208	\$ (3,122)	\$ 72,086	\$ 68,572	\$ 3,514
Purchased Professional - Educational Services	198,047	(6,231)	191,816	67,738	124,078
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	273,255	(9,353)	263,902	136,310	127,592
Undist. Expend.-Guidance					
Salaries of Other Professional Staff	29,976	7,858	37,834	37,834	
Total Undist Expend. - Guidance	29,976	7,858	37,834	37,834	
Undist. Expend.-Child Study Team					
Salaries of Other Professional Staff	101,917	3,122	105,039	105,039	
Purchased Professional - Educational Services		3,200	3,200	1,950	1,250
Other Purchased Services (400-500 series)	3,580		3,580	2,874	706
Supplies and Materials	3,000	(1,200)	1,800	316	1,484
Other Objects	180		180	180	
Total Undist Expend. - Child Study Team	108,677	5,122	113,799	110,179	3,620
Undist. Expend.-Improv. of Inst. Serv.					
Salaries of Supervisors of Instruction	53,040		53,040	50,610	2,430
Salaries of Other Professional Staff	40,170		40,170	38,149	2,021
Purchased Professional - Educational Services	2,300		2,300	1,500	800
Supplies and Materials	6,000		6,000		6,000
Total Undist. Expend.-Improv. of Inst. Serv.	101,510		101,510	90,259	11,251
Undist. Expend.-Edu. Media Serv./Sch. Library					
Salaries	18,500	(9,765)	8,735		8,735
Supplies and Materials	3,200	(1,890)	1,310		1,310
Total Undist Expend-Edu. Media Serv./Sch. Library	21,700	(11,655)	10,045		10,045

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Instructional Staff Training Services					
Other Purchased Prof. And Tech. Services	\$ 6,200	\$ 165	\$ 165		\$ 165
Other Purchased Services (400-500 series)	6,200	9,600	15,800	15,800	
Total Undist. Expend.-Instructional Staff Training Services	<u>6,200</u>	<u>9,765</u>	<u>15,965</u>	<u>15,800</u>	<u>165</u>
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	90,875	41,124	131,999	131,999	
Legal Services	26,000	92,221	118,221	118,221	
Audit Fees	26,860		26,860	26,860	
Architectural/Engineering Services	2,500	(2,500)			
Communications / Telephone	19,000	4,610	23,610	23,610	
BOE Other Purchased Services	15,500	(15,000)	500	500	
Other Purch. Serv. (400-500 series other than 530 & 585)	6,000	(3,165)	2,835	2,835	
General Supplies	2,500	3,538	6,038	6,004	34
BOE In-house training/ Meeting Supplies		1,621	1,621	627	994
Judgments Against The School District	50,000	(39,350)	10,650	10,650	
Miscellaneous Expenditures	1,000	4,632	5,632	5,632	
BOE Membership Dues and Fees	9,000	(2,133)	6,867	6,867	
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>249,235</u>	<u>85,598</u>	<u>334,833</u>	<u>333,805</u>	<u>1,028</u>
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals/Prog Director	76,270	18,788	95,058	95,058	
Salaries of Secretarial and Clerical Assistants	3,090		3,090	325	2,765
Total Undist. Expend.-Support Serv.-School Adm.	<u>79,360</u>	<u>18,788</u>	<u>98,148</u>	<u>95,383</u>	<u>2,765</u>
Undist. Expend. - Central Services					
Salaries	112,400	10,092	122,492	122,492	
Purchased Professional Services	2,800	(1,006)	1,794		1,794
Miscellaneous Purchased Services (400-500 series other than 594)	1,300		1,300	525	775

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services (Cont'd)					
Supplies and Materials	\$ 1,650		\$ 1,650	\$ 473	\$ 1,177
Other Objects	2,300		2,300	1,190	1,110
Total Undist. Expend. - Central Services	120,450	\$ 9,086	129,536	124,680	4,856
Undist. Expend. - Admin. Info. Technology					
Salaries	40,170	830	41,000	41,000	
Purchased Technical Services	14,000	2,199	16,199	16,199	
Other Purchased Services (400-500 series)	1,500	(510)	990	990	
Supplies and Materials	8,000	1,362	9,362	9,306	56
Total Undist. Expend. - Admin. Info. Technology	63,670	3,881	67,551	67,495	56
Undist. Expend.-Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	61,500	63,767	125,267	49,598	75,669
General Supplies	6,200		6,200	5,513	687
Total Undist. Expend.- Required Maint. for School Facilities	67,700	63,767	131,467	55,111	76,356
Undist. Expend.-Custodial Services					
Salaries	156,840	(23,940)	132,900	127,572	5,328
Salaries of Non-Instructional Aides	37,610		37,610	27,082	10,528
Purchased Professional and Technical Services	28,718		28,718	11,838	16,880
Cleaning, Repair, and Maintenance Services	152,000	(3,771)	148,229	34,434	113,795
Other Purchased Property Services	8,600		8,600	6,709	1,891
Insurance	38,000	2,236	40,236	40,236	
Miscellaneous Purchased Services	6,500		6,500	3,670	2,830
General Supplies	46,000		46,000	12,019	33,981
Energy (Natural Gas)	74,500		74,500	43,582	30,918
Energy (Electricity)	41,000		41,000	38,000	3,000
Energy (Gasoline)	27,000		27,000	18,000	9,000

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services (Cont'd)					
Other Objects	\$ 1,900		\$ 1,900	\$ 364	\$ 1,536
Total Undist. Expend.-Custodial Services	618,668	\$ (25,475)	593,193	363,506	229,687
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	1,230	760	1,990	1,990	
General Supplies	2,000		2,000	1,781	219
Other Objects	2,000	(760)	1,240		1,240
TOTAL CARE AND UPKEEP OF GROUNDS	5,230		5,230	3,771	1,459
Security					
Salaries	40,000		40,000		40,000
General Supplies	2,000		2,000	1,187	813
TOTAL SECURITY	42,000		42,000	1,187	40,813
Total Undist. Expend.-Oper. and Maint. of Plant Serv.	733,598	38,292	771,890	423,575	348,315
Undist. Expend.-Student Transportation Serv.					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	47,159	27,166	74,325	74,325	
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	67,772	(12,265)	55,507	40,363	15,144
Management Fee - ESC&CTSA Transportation Program	9,476		9,476	8,847	629
Cleaning, Repair, and Maint. Services	12,000	(10,638)	1,362	1,232	130
Rental Payments - School Buses	2,200		2,200	1,350	850
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	22,000	(7,391)	14,609	14,609	
Contr. Serv.-Aid in Lieu of Payments-Choice Stud.	2,058		2,058		2,058
Contract. Serv.(Bet. Home & Sch.)-Vendors	269,678	(187,857)	81,821	81,785	36
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	18,011	(18,011)			
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.		9,000	9,000	9,000	
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	63,351	(61,619)	1,732		1,732

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv. (Cont'd)					
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	\$ 290,423	\$ (178,112)	\$ 112,311	\$ 112,311	
Misc. Purchased Serv. - Transportation		623	623	623	
Transportation Supplies	7,500	(6,537)	963	963	
Other Objects	3,000	(1,977)	1,023	299	\$ 724
Total Undist. Expend.-Student Trans. Serv.	<u>814,628</u>	<u>(447,618)</u>	<u>367,010</u>	<u>345,707</u>	<u>21,303</u>
ALLOCATED BENEFITS					
Regular Programs - Instruction	30,000	(14,173)	15,827		15,827
Unused Sick Payment to Terminated/Retired Staff	<u>30,000</u>	<u>(14,173)</u>	<u>15,827</u>		<u>15,827</u>
Total Regular Programs - Instruction	<u>30,000</u>	<u>(14,173)</u>	<u>15,827</u>		<u>15,827</u>
TOTAL ALLOCATED BENEFITS					
UNALLOCATED BENEFITS					
Social Security Contributions	59,007	3,543	62,550	62,550	
Other Retirement Contributions - PERS	65,114	4,237	69,351	69,351	
Other Retirement Contributions - Regular		2,018	2,018	2,018	
Unemployment Compensation	16,000		16,000	12,089	3,911
Workers Compensation	42,800	(3,782)	39,018	27,470	11,548
Health Benefits	1,211,046	(54,406)	1,156,640	762,634	394,006
Tuition Reimbursement	18,500		18,500		18,500
Other Employee Benefits	36,500		36,500		36,500
TOTAL UNALLOCATED BENEFITS	<u>1,448,967</u>	<u>(48,390)</u>	<u>1,400,577</u>	<u>936,112</u>	<u>464,465</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				196,784	(196,784)
TPAF Pension Contributions (Non-Budgeted)				616,207	(616,207)
TPAF Non-Contributory Insurance (Non-Budgeted)				11,724	(11,724)
TPAF Long-Term Disability Insurance (Non-Budgeted)				356	(356)
Reimbursed TPAF Social Security Contributions				174,072	(174,072)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>999,143</u>	<u>(999,143)</u>

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 1,478,967	\$ (62,563)	\$ 1,416,404	\$ 1,935,255	\$ (518,851)
TOTAL UNDISTRIBUTED EXPENDITURES	6,694,111	(513,783)	6,180,328	5,691,211	489,117
TOTAL GENERAL CURRENT EXPENSE	8,709,906	(514,393)	8,195,513	7,537,007	658,506
CAPITAL OUTLAY					
EQUIPMENT	65,158		65,158		65,158
Grades 6-8					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.	62,011		62,011	61,886	125
School Buses - Regular		447,619	447,619	447,619	
TOTAL EQUIPMENT	127,169	447,619	574,788	509,505	65,283
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services	15,000	135,000	150,000	39,000	111,000
Construction Services	405,000		405,000	113,600	291,400
Assessment for Debt Service on SDA Funding	993		993	993	
Total Facilities Acquisition and Const. Serv.	420,993	135,000	555,993	153,593	402,400
TOTAL CAPITAL OUTLAY	548,162	582,619	1,130,781	663,098	467,683
Transfer of Funds to Charter Schools	546,923	108,534	655,457	655,457	
TOTAL EXPENDITURES	9,804,991	176,760	9,981,751	8,855,562	1,126,189
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(792,609)	(176,760)	(969,369)	1,632,227	2,601,596

MONTAGUE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
OTHER FINANCING SOURCES/(USES):					
Local Contrib. - Trans to Special Rev- Inclusion	\$ (68,876)		\$ (68,876)	\$ (64,080)	\$ 4,796
Transfers to Cover Deficit (Enterprise Fund)	\$ (9,500)		(9,500)	(9,500)	
TOTAL OTHER FINANCING SOURCES/(USES)	<u>(68,876)</u>	<u>(9,500)</u>	<u>(78,376)</u>	<u>(73,580)</u>	<u>4,796</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	(861,485)	(186,260)	(1,047,745)	1,558,647	2,606,392
Fund Balance, July 1 (Restated)	<u>3,018,987</u>		<u>3,018,987</u>	<u>3,018,987</u>	
Fund Balance, June 30	<u>\$ 2,157,502</u>	<u>\$ (186,260)</u>	<u>\$ 1,971,242</u>	<u>\$ 4,577,634</u>	<u>\$ 2,606,392</u>
Recapitulation:					
Restricted Fund Balance:				\$ 460,000	
Excess Surplus - For 2022-2023				4,284	
Unemployment Compensation				349,562	
Impact Aid Reserve (General)				2,585,115	
Capital Reserve				239,982	
Maintenance Reserve				132,659	
Tuition Reserve - For 2021-2022				150,543	
Assigned Fund Balance:				174,642	
Year End Encumbrances				480,847	
Designated for Subsequent Year's Expenditures				<u>4,577,634</u>	
Unassigned Fund Balance				(225,920)	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Two Aid Payments not Recognized on GAAP basis				<u>\$ 4,351,714</u>	
Fund Balance per Governmental Funds (GAAP)					

MONTAGUE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 2	\$ 2	\$ 2	
State Sources	\$ 742,728	218,280	961,008	691,517	\$ 269,491
Federal Sources	222,559	190,386	412,945	352,906	60,039
Total Revenues	965,287	408,668	1,373,955	1,044,425	329,530
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	68,876	(4,796)	64,080	64,080	
Total Revenues and Other Financing Sources	1,034,163	403,872	1,438,035	1,108,505	329,530
EXPENDITURES:					
Instruction:					
Salaries of Teachers	235,309	35,116	270,425	270,425	
Other Salaries for Instruction	131,426	(10,618)	120,808	111,226	9,582
Other Purchased Services	5,000	2,000	7,000		7,000
Tuition	88,061	11,968	100,029	55,693	44,336
General Supplies	172,299	177,700	349,999	305,481	44,518
Total Instruction	632,095	216,166	848,261	742,825	105,436
Support Services:					
Salaries of Supervisors of Instruction		23,800	23,800	23,800	
Salaries of Program Directors	60,300	(12,365)	47,935		47,935
Other Salaries	10,000	16,281	26,281	8,079	18,202
Salaries of Master Teachers	61,146	2,849	63,995	61,646	2,349
Personal Services - Employee Benefits	200,416		200,416	82,580	117,836
Purchased Professional-Educational Services	6,000	5,000	11,000	225	10,775
Other Purchased Professional Services	500	667	1,167		1,167
Cleaning, Repair and Maintenance Services	5,000		5,000	4,194	806
Contract Services-Transportation (Between Home and School)	9,500		9,500		9,500
Contract Services - Transportation (Field Trips)	2,000	2,000	4,000		4,000
Other Purchased Services		21,745	21,745	20,103	1,642
Travel	1,000	2,000	3,000		3,000
Supplies and Materials	9,206	2,407	11,613	11,153	460
Other Objects	5,000		5,000		5,000
Scholarships Awarded		150	150	150	
Total Support Services	370,068	64,534	434,602	211,930.0	222,672
Facilities Acquisition and Construction Services:					
Instructional Equipment	30,000	122,761	152,761	152,761	
Non-Instructional Equipment	2,000	559	2,559	1,137	1,422
Total Facilities Acquisition and Construction Services	32,000	123,320	155,320	153,898	1,422
Total Expenditures	\$ 1,034,163	\$ 404,020	\$ 1,438,183	\$ 1,108,653	\$ 329,530
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -0-	\$ (148)	\$ (148)	\$ (148)	\$ -0-

MONTAGUE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,487,789	\$ 1,044,425
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(60,767)
Cancellation of Prior Year Encumbrances		(1,007)
Prior Year Encumbrances		84,628
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	255,349	74,846
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(225,920)</u>	<u>(73,163)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,517,218</u>	<u>\$ 1,068,962</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,855,562	\$ 1,108,653
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(60,767)
Cancellation of Prior Year Encumbrances		(1,007)
Prior Year Encumbrances		84,628
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,855,562</u>	<u>\$ 1,131,507</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act				Coronavirus Relief Fund
	Title I	Title IIA	Title IV	CARES Emergency Relief	
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 127,831	\$ 9,696	\$ 10,000	\$ 25,562	\$ 25,652
Total Revenue	<u>127,831</u>	<u>9,696</u>	<u>10,000</u>	<u>25,562</u>	<u>25,652</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenues and Other Financing Sources					
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Salaries for Instruction					
Tuition					
General Supplies	127,831		10,000	5,459	25,652
Total Instruction	<u>127,831</u>		<u>10,000</u>	<u>5,459</u>	<u>25,652</u>
Support Services:					
Salaries of Supervisors of Instruction					
Other Salaries					
Salaries of Master Teachers					
Personal Services - Employee Benefits					
Other Purchased Professional - Educational Services					
Cleaning, Repair and Maintenance Services					
Other Purchased Services		9,696		20,103	
Supplies and Materials					
Scholarships Awarded					
Total Support Services		<u>9,696</u>		<u>20,103</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>\$ 127,831</u>	<u>\$ 9,696</u>	<u>\$ 10,000</u>	<u>\$ 25,562</u>	<u>\$ 25,652</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Rural Education Achievement Program			
	FY21	FY20	FY19	Scholarship
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 20,820	\$ 17,224	\$ 51,728	
Total Revenue	20,820	17,224	51,728	1
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources				
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Tuition				
General Supplies	20,820	17,224	51,728	
Total Instruction	20,820	17,224	51,728	
Support Services:				
Salaries of Supervisors of Instruction				
Other Salaries				
Salaries of Master Teachers				
Personal Services - Employee Benefits				
Other Purchased Professional - Educational Services				
Cleaning, Repair and Maintenance Services				
Other Purchased Services				
Supplies and Materials				
Scholarships Awarded				150
Total Support Services				150
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non-Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 20,820	\$ 17,224	\$ 51,728	\$ -0-

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	I.D.E.A.			Total
	Basic	Preschool	Preschool Education Aid	
REVENUE:				
Local Sources				2
State Sources	\$ 55,693	\$ 8,700	\$ 691,517	691,517
Federal Sources	55,693	8,700	691,517	352,906
Total Revenue				<u>1,044,425</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund			64,080	64,080
Total Revenues and Other Financing Sources			<u>755,597</u>	<u>1,108,505</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			270,425	270,425
Other Salaries for Instruction			111,226	111,226
Tuition	55,693			55,693
General Supplies		8,700	38,067	305,481
Total Instruction	55,693	8,700	419,718	742,825
Support Services:				
Salaries of Supervisors of Instruction			23,800	23,800
Other Salaries			8,079	8,079
Salaries of Master Teachers			61,646	61,646
Personal Services - Employee Benefits			82,580	82,580
Other Purchased Professional - Educational Services			225	225
Cleaning, Repair and Maintenance Services			4,194	4,194
Other Purchased Services				20,103
Supplies and Materials			1,457	11,153
Scholarships Awarded				150
Total Support Services			<u>181,981</u>	<u>211,930</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment			152,761	152,761
Non-Instructional Equipment			1,137	1,137
Total Facilities Acquisition and Construction Services			<u>153,898</u>	<u>153,898</u>
Total Expenditures	\$ 55,693	\$ 8,700	\$ 755,597	<u>\$ 1,108,653</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 270,425	\$ 270,425	
Other Salaries for Instruction	120,808	111,226	\$ 9,582
Other Purchased Services	7,000		7,000
General Supplies	68,524	38,067	30,457
Total Instruction	466,757	419,718	47,039
Support Services:			
Salaries of Supervisors of Instruction	21,533	23,800	(2,267)
Salaries of Other Professional Staff	54,998		54,998
Other Salaries	26,281	8,079	18,202
Salaries of Master Teachers	63,995	61,646	2,349
Personal Services – Employee Benefits	200,416	82,580	117,836
Purchased Professional - Educational Services	11,000	225	10,775
Other Purchased Professional Services	6,167		6,167
Contractual Services - Transportation	13,500	4,194	9,306
Travel	3,000		3,000
Supplies and Materials	1,917	1,457	460
Other Objects	204		204
Total Support Services	403,011	181,981	221,030
Equipment:			
Instructional equipment	152,761	152,761	
Noninstructional Equipment	2,559	1,137	1,422
Total Equipment	155,320	153,898	1,422
Total Expenditures	\$ 1,025,088	\$ 755,597	\$ 269,491

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 742,728
Actual Preschool Expansion Aid Carryover (June 30, 2020)	218,280
Add: Budgeted Transfer from General Fund 2020-21	64,080
Add: Budgeted Tuition 2020-21	-0-
Total Preschool Education Aid Funds Available for 2020-21	1,025,088
Less: 2020-2021 Budgeted Preschool Education Expansion Aid Funds Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2021	(1,025,088)
	-0-
Add: June 30, 2021 Unexpended Preschool Education Expansion Aid	269,491
Less: 2020-2021 Commissioner Approved Transfer to the General Fund	-0-
2020-2021 Carryover - Preschool Education Expansion Aid	\$ 269,491
2020-2021 Carryover - Preschool Education Expansion Aid Budgeted for Preschool Programs in 2021-2022	\$ -0-

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents		\$ 4,668	\$ 4,668
Intergovernmental Receivable:			
Federal	\$ 8,490		8,490
State	2,895		2,895
Other Accounts Receivable	3,790		3,790
Total Current Assets	<u>15,175</u>	<u>4,668</u>	<u>19,843</u>
Non-Current Assets:			
Capital Assets	22,205		22,205
Less: Accumulated Depreciation	<u>(16,965)</u>		<u>(16,965)</u>
Total Non-Current Assets	<u>5,240</u>		<u>5,240</u>
Total Assets	<u>20,415</u>	<u>4,668</u>	<u>25,083</u>
LIABILITIES:			
Current Liabilities:			
Interfund Payable - General Fund	4,705		4,705
Accounts Payable	<u>14,603</u>		<u>14,603</u>
Total Current Liabilities	<u>19,308</u>		<u>19,308</u>
NET POSITION:			
Investment in Capital Assets	5,240		5,240
Unrestricted/(Deficit)	<u>(4,133)</u>	<u>4,668</u>	<u>535</u>
Total Net Position	<u>\$ 1,107</u>	<u>\$ 4,668</u>	<u>\$ 5,775</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care</u>	
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 87		\$ 87
Total Operating Revenue	<u>87</u>		<u>87</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	89,371		89,371
Depreciation Expense	1,633		1,633
Total Operating Expenses	<u>91,004</u>		<u>91,004</u>
Operating Income/(Loss)	<u>(90,917)</u>		<u>(90,917)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	3		3
State Sources:			
State School Lunch Program	85		85
COVID-19 - Seamless Summer Option	4,744		4,744
Federal Sources:			
National School Lunch Program	5,507		5,507
School Breakfast Program	3,456		3,456
COVID-19 - Seamless Summer Option	54,354		54,354
Total Non-Operating Revenue	<u>68,149</u>		<u>68,149</u>
Change in Net Position before Transfers	(22,768)		(22,768)
Transfers:			
Transfer In - General Fund	9,500		9,500
Change in Net Position	(13,268)		(13,268)
Net Position - Beginning of Year	<u>14,375</u>	<u>\$ 4,668</u>	<u>19,043</u>
Net Position - End of Year	<u>\$ 1,107</u>	<u>\$ 4,668</u>	<u>\$ 5,775</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 50		\$ 50
Payments to Suppliers for Goods and Services	(74,768)	\$ (877)	(75,645)
Net Cash Used for Operating Activities	(74,718)	(877)	(75,595)
Cash Flows from Noncapital and Financing Activities:			
State Sources	1,977		1,977
Federal Sources	59,257		59,257
Transfer In/(From):			
Board Contribution	9,500		9,500
Interfund Returned - General Fund	3,775		3,775
Interfund Advanced - General Fund	4,705		4,705
Intrafund Returned	(4,499)	4,499	
Net Cash Provided by Noncapital Financing Activities	74,715	4,499	79,214
Cash Flows from Investment Activities:			
Interest Income	3		3
Net Cash Provided by Investing Activities	3		3
Net Increase in Cash and Cash Equivalents		3,622	3,622
Cash and Cash Equivalents, July 1		1,046	1,046
Cash and Cash Equivalents, June 30	\$ -0-	\$ 4,668	\$ 4,668
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating Loss	\$ (90,917)		\$ (90,917)
Adjustment to Reconcile Operating Loss to Net Cash			
Used for Operating Activities:			
Depreciation Expense	1,633		1,633
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable	(37)		(37)
Increase/(Decrease) in Accounts Payable	14,603	\$ (877)	13,726
Net Cash Used for Operating Activities	\$ (74,718)	\$ (877)	\$ (75,595)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund did not receive or utilize U.S.D.A. Commodities through the Food Distribution Program.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

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

STATISTICAL SECTION
(Unaudited)

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

Contents

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

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									(Restated)	
									2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,612,432	\$ 1,708,946	\$ 1,678,271	\$ 1,635,421	\$ 1,641,163	\$ 1,589,327	\$ 1,477,500	\$ 1,731,032	\$ 1,696,173	\$ 2,334,595
Restricted	210,789	167,712	167,802	366,610	217,703	444,003	611,767	519,791	2,268,699	3,774,076
Unrestricted / (Deficit)	460,526	365,556	(437,219)	(997,991)	(997,862)	(1,084,670)	(1,122,232)	(1,114,653)	(843,721)	(705,758)
Total governmental activities net position	\$ 2,283,747	\$ 2,242,214	\$ 1,408,854	\$ 1,004,040	\$ 861,004	\$ 948,660	\$ 967,035	\$ 1,136,170	\$ 3,121,151	\$ 5,402,913
Business-type Activities:										
Investment in Capital Assets	\$ 4,956	\$ 4,521	\$ 10,261	\$ 9,414	\$ 8,567	\$ 7,720	\$ 6,873	\$ 6,873	\$ 6,873	\$ 5,240
Unrestricted	34,544	37,718	30,498	35,183	28,288	23,663	25,443	8,229	12,170	535
Total business-type activities net position	\$ 39,500	\$ 42,239	\$ 40,759	\$ 44,597	\$ 36,855	\$ 31,383	\$ 32,316	\$ 15,102	\$ 19,043	\$ 5,775
District-wide:										
Net Investment in Capital Assets	\$ 1,617,388	\$ 1,713,467	\$ 1,688,532	\$ 1,644,835	\$ 1,649,730	\$ 1,597,047	\$ 1,484,373	\$ 1,737,905	\$ 1,703,046	\$ 2,339,835
Restricted	210,789	167,712	167,802	366,610	217,703	444,003	611,767	519,791	2,268,699	3,774,076
Unrestricted / (Deficit)	495,070	403,274	(406,721)	(962,808)	(969,574)	(1,061,007)	(1,096,789)	(1,106,424)	(831,551)	(705,223)
Total District Net Position	\$ 2,323,247	\$ 2,284,453	\$ 1,449,613	\$ 1,048,637	\$ 897,859	\$ 980,043	\$ 999,351	\$ 1,151,272	\$ 3,140,194	\$ 5,408,688

Source: School District Financial Reports.

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

(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 2,298,956	\$ 2,372,899	\$ 2,307,831	\$ 2,998,252	\$ 3,007,195	\$ 3,811,914	\$ 3,712,881	\$ 3,401,524	\$ 3,332,792	\$ 3,667,264
Special Education	572,636	786,905	770,358	801,762	871,760	866,380	830,413	621,940	330,696	287,302
Other Special Instruction	253,641	254,279	280,339	41,492	367,078	175,318	390,352	243,414		
School-Sponsored Instruction	106,353	124,272	132,455	63,561	6,482	12,425	4,209	3,232	18,676	427
Support Services:										
Student & Instruction Related Services	2,819,372	3,125,710	2,630,728	4,075,329	3,662,932	3,274,490	3,333,708	3,813,923	3,145,906	2,935,626
General Administrative Services	383,838	324,532	336,638	276,959	387,956	326,777	379,971	338,224	473,808	416,210
School Administrative Services	108,593	126,779	127,090	172,573	177,903	136,434	144,743	91	4,008	184,305
Central Services	202,833	211,743	201,156	177,044	182,613	124,627	178,276	257,666	178,664	174,867
Administration Information Technology						8,169	87,486	197,015	94,411	86,968
Plant Operations and Maintenance	521,967	570,642	590,550	538,050	554,997	583,386	489,112	592,107	505,300	501,886
Pupil Transportation	848,952	861,388	929,334	1,011,551	1,006,746	955,273	1,040,205	948,393	534,466	412,487
Charter Schools	726,638	702,967	761,756	573,397	463,836	441,269	286,070	492,527	429,923	655,457
Capital Outlay			993	17,184						124,183
Interest on Long-term Debt	25,558	17,493	15,607	3,498	2,474					
Total Governmental Activities Expenses	8,869,337	9,479,609	9,084,835	10,750,652	10,691,972	10,716,462	10,877,426	10,910,056	9,048,650	9,446,982
Business-type Activities:										
Food Service	108,235	107,825	107,342	98,249	107,130	86,414	101,670	100,775	75,534	91,004
Before and After Care									9,640	
Total Business-type Activities Expenses	108,235	107,825	107,342	98,249	107,130	86,414	101,670	100,775	85,174	91,004
Total District Expenses	8,977,572	9,587,434	9,192,177	10,848,901	10,799,102	10,802,876	10,979,096	11,010,831	9,133,824	9,537,986
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)								19,450		
Student and Instruction Related Services										1
Operating Grants and Contributions	1,377,013	1,481,482	1,373,284	2,284,675	2,395,326	2,754,448	2,808,509	2,596,674	2,384,165	2,970,266
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	1,377,013	1,481,482	1,373,284	2,284,675	2,395,326	2,754,448	2,808,509	2,616,124	2,384,165	2,970,267

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

(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Business-type Activities:										
Changes for Services:										
Food Service	\$ 23,184	\$ 21,623	\$ 17,416	\$ 14,718	\$ 13,696	\$ 12,129	\$ 39,558	\$ 18,943	\$ 9,476	\$ 87
Before and After Care									14,308	
Operating Grants and Contributions	83,244	88,933	88,435	87,362	85,688	68,808	37,566	69,292	57,829	68,146
Total Business-type Activities Revenues	106,428	110,556	105,851	102,080	99,384	80,937	77,124	88,235	81,613	68,233
Total District Program Revenues	1,483,441	1,592,038	1,479,135	2,386,755	2,494,710	2,835,385	2,885,633	2,704,359	2,465,778	3,038,500
Net (Expense)/Revenue										
Governmental Activities	(7,492,324)	(7,998,127)	(7,711,551)	(8,465,977)	(8,296,646)	(7,962,014)	(8,068,917)	(8,293,932)	(6,664,485)	(6,476,715)
Business-type Activities	(1,807)	2,731	(1,491)	3,831	(7,746)	(5,477)	(24,546)	(12,540)	(3,561)	(22,771)
Total District-wide Net Expense	(7,494,131)	(7,995,396)	(7,713,042)	(8,462,146)	(8,304,392)	(7,967,491)	(8,093,463)	(8,306,472)	(6,668,046)	(6,499,486)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	5,404,082	5,447,314	5,556,260	5,667,385	5,780,732	5,780,732	5,896,347	6,256,056	6,552,974	6,717,893
Taxes Levied for Debt Service	130,469	123,414	124,525	124,637	122,378	2,008				
Unrestricted Grants and Contributions	2,381,601	2,361,340	2,220,065	2,245,946	2,244,711	2,225,159	2,185,393	2,176,829	2,088,287	1,902,417
Investment Earnings	2,922	1,749	2,423	1,174	1,240	7,343	2,464	2,840	2,770	2,541
Miscellaneous Income	40,181	22,777	3,163	20,273	4,549	34,428	28,164	50,870	9,940	145,126
Transfers	(2,276)			1,748			(25,076)	(23,528)	(7,500)	(9,500)
Total Governmental Activities	7,956,979	7,956,594	7,906,436	8,061,163	8,153,610	8,049,670	8,087,292	8,463,067	8,646,471	8,758,477
Business-type Activities:										
Investment Earnings	52	8	11	7	4	5	3	1	2	3
Transfers	2,276						25,476	23,528	7,500	9,500
Other Items								(28,203)		
Total Business-type Activities	2,328	8	11	7	4	5	25,479	(4,674)	7,502	9,503
Total District-wide	7,959,307	7,956,602	7,906,447	8,061,170	8,153,614	8,049,675	8,112,771	8,458,393	8,653,973	8,767,980
Change in Net Position										
Governmental Activities	\$ 464,655	\$ (41,533)	\$ 194,885	\$ (404,814)	\$ (143,036)	\$ 87,656	\$ 18,375	\$ 169,135	\$ 1,981,986	\$ 2,281,762
Business-type Activities	521	2,739	(1,480)	3,838	(7,742)	(5,472)	933	(17,214)	3,941	(13,268)
Total District	\$ 465,176	\$ (38,794)	\$ 193,405	\$ (400,976)	\$ (150,778)	\$ 82,184	\$ 19,308	\$ 151,921	\$ 1,985,927	\$ 2,268,494

Source: School District Financial Reports.

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Restricted	\$ 210,760	\$ 167,687	\$ 167,802	\$ 366,610	\$ 214,962	\$ 439,254	\$ 607,018	\$ 519,791	\$ 2,266,077	\$ 3,771,602
Assigned	370,616	252,135	556,989	85,601	174,218	247,538	149,623	96,973	428,268	325,185
Unassigned	361,530	344,274	212,471	62,020			79,473	102,147	69,293	254,927
Total General Fund	\$ 942,906	\$ 764,096	\$ 937,262	\$ 514,231	\$ 389,180	\$ 686,792	\$ 836,114	\$ 718,911	\$ 2,763,638	\$ 4,351,714
All Other Governmental Funds:										
Restricted	\$	25		\$	2,741	\$ 4,749	\$ 4,749	\$	2,622	\$ 2,474
Committed				\$ 31,332	80,332	80,332	80,332			
Unassigned / (Deficit)	\$ (112,730)	(68,409)	\$ (21,917)	(2,008)					(74,846)	(73,163)
Total All Other Governmental Funds/(Deficit)	\$ (112,730)	\$ (68,384)	\$ (21,917)	\$ 29,324	\$ 83,073	\$ 85,081	\$ 85,081	\$ -0-	\$ (72,224)	\$ (70,689)
Total All Governmental Funds:										
Restricted	\$ 210,760	\$ 167,712	\$ 167,802	\$ 366,610	\$ 217,703	\$ 444,003	\$ 611,767	\$ 519,791	\$ 2,268,699	\$ 3,774,076
Committed				31,332	80,332	80,332	80,332			
Assigned	370,616	252,135	556,989	85,601	174,218	247,538	149,623	96,973	428,268	325,185
Unassigned / (Deficit)	248,800	275,865	190,554	60,012			79,473	102,147	(5,553)	181,764
Total All Governmental Funds	\$ 830,176	\$ 695,712	\$ 915,345	\$ 543,555	\$ 472,253	\$ 771,873	\$ 921,195	\$ 718,911	\$ 2,691,414	\$ 4,281,025

Source: School District Financial Reports.

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 5,534,551	\$ 5,570,728	\$ 5,680,785	\$ 5,792,022	\$ 5,903,110	\$ 5,782,740	\$ 5,896,347	\$ 6,256,056	\$ 6,552,974	\$ 6,717,893
Tuition from Individuals		153	115	1,174	1,240	7,343	2,464	2,840	2,770	2,541
Interest Earnings	42,918	24,373	5,471	20,273	4,549	34,428	28,164	50,870	9,940	145,128
Miscellaneous	3,101,513	3,295,621	3,273,397	3,324,954	3,417,531	3,351,686	3,546,767	3,481,004	3,794,813	4,179,204
State Sources	657,101	558,284	319,952	611,857	473,627	398,008	272,621	598,471	438,009	541,414
Federal Sources										
Total Revenues	9,336,168	9,449,159	9,279,720	9,750,280	9,800,057	9,574,205	9,746,363	10,408,691	10,798,506	11,586,180
Expenditures										
Instruction:										
Regular Instruction	1,649,861	1,681,813	1,663,814	1,806,233	1,646,499	1,822,591	1,821,876	1,808,214	2,012,408	2,374,347
Special Education Instruction	441,953	568,109	555,804	429,140	472,673	422,331	432,443	292,387	172,503	155,515
Other Special Instruction	248,082	249,755	275,142	40,838	178,410	74,075	175,554	112,246		
School Sponsored Activities and Athletics	3,250	3,775	3,600	3,850	3,150	5,250	1,893	1,835	9,585	
Support Services:										
Student & Instruction Related Services	2,611,494	2,871,226	2,455,315	3,851,721	3,431,945	3,017,419	3,171,083	3,548,720	2,867,355	2,658,854
General Administrative Services	331,468	263,365	287,355	228,093	324,650	276,441	294,595	288,609	377,927	333,805
School Administrative Services	75,685	85,648	87,301	92,236	87,358	59,578	59,986	88	2,870	95,383
Central Services	153,594	159,799	155,401	131,922	134,660	86,707	134,640	197,567	126,006	124,680
Administration Information Technology						5,573	71,631	163,176	74,799	67,495
Plant Operations and Maintenance	466,601	502,796	515,093	455,828	437,925	486,884	403,161	510,846	443,928	423,575
Pupil Transportation	824,317	837,060	901,123	972,826	962,829	907,943	996,675	907,321	485,365	345,707
Unallocated Benefits	1,154,015	1,398,148	1,302,601	1,432,413	1,569,409	1,589,231	1,680,788	1,869,359	1,688,887	1,935,255
Charter Schools	726,638	702,967	761,756	573,397	463,836	441,269	286,070	492,527	429,923	655,457
Capital Outlay	75,055	161,964	993	15,953	74,354	86,937	41,570	394,552	129,942	816,996
Debt Service:										
Principal	120,575	121,500	127,500	128,500	128,000					
Interest and Other Charges	27,220	22,198	14,789	9,368	4,661					
Total Expenditures	8,909,808	9,630,123	9,107,587	10,172,318	9,920,359	9,282,229	9,571,965	10,587,447	8,821,498	9,987,069

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (Deficiency) of Revenues	\$ 426,360	\$ (180,964)	\$ 172,133	\$ (422,038)	\$ (120,302)	\$ 291,976	\$ 174,398	\$ (178,756)	\$ 1,977,008	\$ 1,599,111
Over/(Under) Expenditures										
Other Financing Sources/(Uses)										
Premium on Temporary Note	100				49,000					
Funded by Budget Appropriation	45,575	46,500	47,500	48,500	49,000	7,644				
Capital Leases (non-budgeted)										
Transfers	(2,276)			1,748			(25,076)	(23,528)	(7,500)	(9,500)
Total Other Financing Sources/(Uses)	43,399	46,500	47,500	50,248	49,000	7,644	(25,076)	(23,528)	(7,500)	(9,500)
Net Change in Fund Balances	\$ 469,759	\$ (134,464)	\$ 219,633	\$ (371,790)	\$ (71,302)	\$ 299,620	\$ 149,322	\$ (202,284)	\$ 1,969,508	\$ 1,589,611
Debt Service as a Percentage of Noncapital Expenditures	1.67%	1.52%	1.56%	1.36%	1.35%	0.00%	0.00%	0.00%	0.00%	0.00%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest</u> <u>Earnings</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2012		\$ 2,922	\$ 28,402	\$ 11,679	\$ 43,003
2013		1,749	4,537	18,240	24,526
2014		2,423		3,163	5,586
2015		1,174	6,269	14,004	21,447
2016		1,240		4,549	5,789
2017		7,343		34,428	41,771
2018		2,464	5,456	22,708	30,628
2019	\$ 19,450	2,840	21,193	29,677	73,160
2020		2,770	68	9,872	12,710
2021		2,541	104,221	40,905	147,667

Source: Township of Montague School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 12,562,400	\$ 180,529,800	\$ 8,853,900	\$ 1,095,460	\$ 21,018,300	\$ 2,136,600	\$ 420,000	\$ 226,616,460	\$ 646,537	\$ 227,262,997	\$ 54,457,950	\$ 2.390	\$ 410,086,506
2012	11,832,000	179,693,200	9,455,700	1,290,860	21,018,300	2,136,600	420,000	225,846,660	692,194	226,538,854	54,975,550	2.471	374,978,952
2013	11,878,750	179,701,043	9,339,100	1,146,042	18,932,540	1,899,300	420,000	223,316,775	683,418	224,000,193	55,757,350	2.471	333,192,269
2014	10,862,850	180,125,043	9,638,000	1,159,342	19,083,140	1,899,300	420,000	223,187,675	-0-	223,187,675	55,586,950	2.597	333,175,171
2015	* 16,354,600	263,029,600	14,750,900	1,208,000	35,023,300	27,828,900	448,000	358,643,300	-0-	358,643,300	82,880,000	1.615	342,264,384
2016	16,006,700	262,316,400	14,597,200	1,211,100	34,950,200	27,686,800	448,000	357,216,400	-0-	357,216,400	81,940,900	1.652	351,615,565
2017	15,448,800	261,925,700	14,297,600	936,300	34,950,200	27,626,800	448,000	355,633,400	-0-	355,633,400	82,383,600	1.626	367,140,165
2018	15,394,900	261,024,900	15,036,600	927,500	35,090,000	27,626,800	448,000	355,548,700	-0-	355,548,700	81,987,700	1.626	364,146,167
2019	14,791,800	260,551,500	15,044,100	949,100	35,109,100	27,626,800	448,000	354,520,400	-0-	354,520,400	82,721,500	1.807	368,075,329
2020	14,502,600	260,794,900	14,955,900	924,700	35,188,200	27,626,800	448,000	354,441,100	-0-	354,441,100	83,014,100	1.872	384,258,666

* - Revaluation became effective in this year.

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

b - Tax rates are per \$100.

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

Source: Municipal Tax Assessor.

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

Year Ended December 31,	<u>Township of Montague School District Direct Rate</u>			<u>Overlapping Rates</u>		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Montague	Sussex County	
2011	\$ 2.334	\$ 0.056	\$ 2.390	\$ 0.476	\$ 0.768	\$ 3.634
2012	2.416	0.055	2.471	0.497	0.769	3.737
2013	2.417	0.054	2.471	0.524	0.756	3.751
2014	2.541	0.056	2.597	0.547	0.780	3.924
2015	* 1.582	0.033	1.615	0.389	0.492	2.496
2016	1.651	0.001	1.652	0.401	0.543	2.596
2017	1.626	-0-	1.626	0.408	0.589	2.623
2018	1.626	-0-	1.626	0.408	0.589	2.623
2019	1.807	-0-	1.807	0.409	0.602	2.818
2020	1.872	-0-	1.872	0.412	0.634	2.918

* - Revaluation became effective in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

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

Taxpayer	2020		% of Total District Net Assessed Value
	Taxable Assessed Value	Rank	

INFORMATION IS NOT AVAILABLE

Taxpayer	2011		% of Total District Net Assessed Value
	Taxable Assessed Value	Rank	

INFORMATION IS NOT AVAILABLE

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 5,534,551	\$ 5,521,439	99.76%	\$ 13,112
2013	5,570,728	5,570,728	100.00%	-0-
2014	5,680,785	5,680,785	100.00%	-0-
2015	5,792,022	5,792,022	100.00%	-0-
2016	5,903,110	5,903,110	100.00%	-0-
2017	5,782,740	5,782,740	100.00%	-0-
2018	5,896,347	5,896,347	100.00%	-0-
2019	6,260,805	6,260,805	100.00%	-0-
2020	6,552,974	6,552,974	100.00%	-0-
2021	6,717,893	6,717,893	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2012	\$ 314,000	\$ -0-	\$ 191,500	\$ 505,500	0.27%	\$ 131.09
2013	239,000	-0-	145,000	384,000	0.20%	100.37
2014	159,000	-0-	97,500	256,500	0.13%	67.61
2015	79,000	-0-	49,000	128,000	0.06%	33.96
2016	-0-	-0-	-0-	-0-	0.00%	-0-
2017	-0-	6,079	-0-	6,079	0.00%	1.64
2018	-0-	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	-0-	0.00%	-0-
2021	-0-	-0-	-0-	-0-	0.00%	-0-

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

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2012	\$ 314,000	\$ 314,000	0.138%	\$ 81.43
2013	239,000	239,000	0.106%	62.47
2014	159,000	159,000	0.071%	41.91
2015	79,000	79,000	0.035%	20.96
2016	-0-	-0-	0.000%	-0-
2017	-0-	-0-	0.000%	-0-
2018	-0-	-0-	0.000%	-0-
2019	-0-	-0-	0.000%	-0-
2020	-0-	-0-	0.000%	-0-
2021	-0-	-0-	0.000%	-0-

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

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

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Township of Montague	\$ 1,984,000	100.00%	\$ 1,984,000
Sussex County General Obligation Debt	97,520,409	2.17 %	<u>2,120,605</u>
Subtotal, Overlapping Debt			4,104,605
Township of Montague School District Direct Debt			<u>-0-</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,104,605</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 388,003,394
2019	383,887,818
2018	368,673,476
	\$1,140,564,688
Average Equalized Valuation of Taxable Property	\$ 380,188,229
Debt Limit (3% of Average Equalization Value)	\$ 11,405,647 ^a
Net Bonded School Debt	-0-
Legal Debt Margin	\$ 11,405,647

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 10,294,423	\$ 8,798,852	\$ 8,798,852	\$ 8,335,111	\$ 8,366,780
Total Net Debt Applicable to Limit	314,000	239,000	159,000	79,000	-0-
Legal Debt Margin	\$ 9,980,423	\$ 8,559,852	\$ 8,639,852	\$ 8,256,111	\$ 8,366,780
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.05%	2.72%	1.81%	0.95%	0.00%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 8,667,852	\$ 9,038,262	\$ 11,007,207	\$ 11,163,062	\$ 11,405,647
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	\$ 8,667,852	\$ 9,038,262	\$ 11,007,207	\$ 11,163,062	\$ 11,405,647
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Sussex County Per Capita Personal Income ^b</u>	<u>Personal Income c</u>	<u>Unemployment Rate ^d</u>
2012	3,826	\$ 50,832	\$ 194,483,232	15.90%
2013	3,794	51,457	195,227,858	13.00%
2014	3,769	53,814	202,824,966	6.80%
2015	3,729	55,706	207,727,674	5.80%
2016	3,700	57,006	210,922,200	4.80%
2017	3,681	58,798	216,435,438	5.00%
2018	3,669	61,156	224,381,364	4.10%
2019	3,654	63,784	233,066,736	3.90%
2020	3,630	63,784 **	231,535,920	8.90%
2021	3,630 *	63,784 **	231,535,920 ***	N/A

* - Latest population data available (2020) was used for calculation purposes.
 ** - Latest Sussex County per capita personal income available (2019) was used for calculation purposes.
 *** - Latest available population data (2020) and latest available Sussex County per capita personal income (2019) 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 county population and per capita personal income presented
^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2020		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	2	1.40%-7.00%
Newton Medical Center	500-999	3	0.70%-1.40%
Sussex County Offices	500-999	4	0.70%-1.40%
Thorlabs	500-999	5	0.70%-1.40%
Mountain Creek Resort	500-999	6	0.70%-1.40%
Shop Rite	250-499	7	0.35%-0.70%
Sussex County Community College	250-499	8	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	9	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	10	0.14%-0.35%
	<u>4,850-15,740</u>		<u>6.96%-22.59%</u>
Total Employment	<u>66,900</u>		
Employer	2011		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	1	2.66%
Newton Memorial Hospital	1,200	2	1.59%
Selective Insurance	900	3	1.20%
County of Sussex	830	4	1.10%
Mountain Creek Resort	800	5	1.06%
Ames Rubber Corp	445	6	0.59%
Shop Rite Supermarkets (Ronetco)	301	7	0.40%
Andover Subacute & Rehab Center	300	8	0.40%
Sussex County Community College	300	9	0.40%
SCARC, Inc..	287	10	0.38%
	<u>7,363</u>		<u>9.78%</u>
Total Employment	<u>75,300</u>		

Source: Sussex County Chamber of Commerce

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

<u>Function/Program</u>	<u>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>	<u>2021</u>
Instruction:										
Regular	24.5	24.5	24.5	23.5	23.5	19.0	26.5	24.0	26.0	25.0
Special Education	4.5	4.5	4.5	3.5	3.5	8.0	3.5	4.0	4.0	4.0
Other Instruction	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0
Support Services:										
Student & Instruction Related Services	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.0	3.0	3.0
General Administrative Services	2.5	2.5	2.5	2.5	2.5	2.5	1.0	2.0	1.5	1.0
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.0	2.0
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	1.0	1.0
Administration Information Technology								1.0	1.0	1.0
Plant Operations and Maintenance	2.5	2.5	2.5	2.5	2.5	2.5	4.0	4.0	2.0	3.0
Pupil Transportation	1.0	1.0	1.0	1.0	1.0	1.0		2.0	1.0	1.0
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	1.5
Total	48.5	48.5	48.5	46.5	45.5	45.5	49.0	50.5	48.5	47.5

Source: District Personnel Records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	293	8,686,958	29,628	4.77%	28.0	10:1	293.2	281.4	-2.95%	95.98%
2013	273	9,324,461	34,156	15.28%	28.0	10:1	273.0	264.8	-6.89%	97.00%
2014	259	8,964,305	34,611	1.33%	28.0	9:1	259.2	250.2	-5.05%	96.53%
2015	219	10,018,497	45,747	32.17%	26.0	9:1	216.1	206.1	-16.63%	95.37%
2016	226	9,713,344	42,979	-6.05%	26.0	9:1	212.6	199.7	-1.62%	93.92%
2017	250	9,195,292	36,781	-14.42%	27.0	9:1	250.0	233.0	17.59%	93.20%
2018	252	9,530,395	37,819	2.82%	30.0	9:1	245.7	229.5	-1.72%	93.38%
2019	255	10,192,895	39,972	5.69%	28.0	9:1	249.9	234.0	1.70%	93.62%
2020	242	8,691,556	35,916	-10.15%	30.0	9:2	243.0	231.9	-2.75%	95.44%
2021	250	9,170,073	36,680	2.13%	30.0	2:24	242.5	232.1	-0.21%	95.71%

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Township of Montague School District records.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
Elementary School										
Square Feet	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	293	273	259	219	226	250	252	255	242	250

Number of Schools at June 30, 2021
 Elementary = 1

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

Source: Township of Montague School District Facilities Office.

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

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

	Fiscal Year Ended June 30,				
<u>School Facilities*</u>	2017	2018	2019	2020	2021
Montague Elementary School	\$ 153,389	\$ 54,530	\$ 55,225	\$ 48,684	\$ 55,111

	Fiscal Year Ended June 30,				
<u>School Facilities*</u>	2012	2013	2014	2015	2016
Montague Elementary School	\$ 85,925	\$ 79,877	\$ 96,998	\$ 88,903	\$ 94,229

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

Source: Township of Montague School District records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

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

Source: Township of Montague School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
November 13, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Township of Montague School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

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

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
November 13, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal CFDA Number	Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Repayment of Prior Years' Balances	Cancellation of Prior Year Encum- brances	Balance at		Amounts Provided to Subrecipients
					June 30, 2020	June 30, 2021			June 30, 2020	June 30, 2021	
	<u>U.S. Department of Agriculture:</u>										
	Passed-through State Department of Agriculture:										
	Child Nutrition Cluster:										
	School Breakfast Program	N/A	7/1/20-6/30/21	\$ 3,456	\$ (3,456)						
10.553	National School Lunch Program	N/A	7/1/20-6/30/21	5,507	(5,507)						
10.555	COVID-19 - Seamless Summer Option	N/A	7/1/20-6/30/21	54,354	(54,354)						
10.555	COVID-19 - Seamless Summer Option	N/A	3/1/20-6/30/20	5,231		4,430			\$ (8,490)		
	Total Child Nutrition Cluster/U.S. Department of Agriculture					\$ (4,430)				\$ (8,490)	
						(4,430)				(8,490)	
	<u>U.S. Department of Education:</u>										
	Passed-through State Department of Education:										
	Special Revenue Fund:										
84.358	Rural Education Achievement Program	S358A153713	7/1/20-9/30/22	20,820	(20,820)					(16,898)	
84.358	Rural Education Achievement Program	S358A143713	7/1/19-9/30/21	17,224	(17,224)	3,922					
84.358	Rural Education Achievement Program	S358A143713	7/1/18-9/30/21	51,728	(51,728)	17,224				(51,728)	
	Total Rural Education Achievement Program					21,146				(68,626)	
	<u>Special Education Cluster:</u>										
84.027	I.D.E.A. Part B, Basic	IDEA330021	7/1/20-9/30/21	100,029	(55,693)	55,693					
84.173	I.D.E.A. Preschool	IDEA330021	7/1/20-9/30/21	8,700	(8,700)	6,609				(2,091)	
84.173	I.D.E.A. Preschool	IDEA330020	7/1/19-9/30/20	8,733		4,401					
	Total Special Education Cluster					66,703				(2,091)	
						(4,401)					
						(4,401)					
	<u>Elementary and Secondary Education Act:</u>										
84.010	Title I	ESEA330021	7/1/20-9/30/21	133,998	(127,831)	53,187				(74,644)	
84.010	Title I	ESEA330020	7/1/19-9/30/20	133,238	(6,092)	6,092					
84.010	Title I	ESEA330019	7/1/18-9/30/19	283,312							\$ 61
84.010	Title I - Reallocated	ESEA330020	7/1/19-9/30/20	5,341	(2,153)	2,153					9
84.389	ARRA - Title I	ESEA330019	7/1/18-9/30/19	8,544							9
	Total Title I					61,432				(74,644)	70
						(8,245)					
84.367	Title IIA	ESEA330021	7/1/20-9/30/21	9,696	(9,696)	9,696					
84.367	Title IIA	ESEA330018	7/1/17-6/30/18	16,311							
	Total Title IIA					6,639				\$ (6,639)	
						6,639				(6,639)	
84.424	Title IV	ESEA330021	7/1/20-9/30/21	10,000	(10,000)	6,245				(3,755)	
84.424	Title IV	ESEA330020	7/1/19-9/30/20	10,000	(3,644)	3,644					
	Total Title IV					9,889				(3,755)	
						(3,644)					
						(3,644)					
	<u>Education Stabilization Fund:</u>										
84.425	COVID-19 - CARES Emergency Relief	ESEA330020	3/13/20-9/30/22	112,977	(84,628)	105,033			\$ 1,007	(4,150)	
	Total Education Stabilization Fund					105,033			1,007	(4,150)	
						(100,918)					70
	Total Special Revenue Fund					6,709				(153,266)	
						273,899					

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Year Encum- brances	Balance at June 30, 2021		Amounts Provided to Subrecipients	
					Budgetary Accounts Receivable	Due to Grantor					Budgetary Accounts Receivable	Due to Grantor		
U.S. Department of Education:														
Passed-through State Department of Education: General Fund: Impact Aid	84.041	40-NJ-XXXX-4401	7/1/20-6/30/21	\$ 165,599		\$ (100,918)	\$ 6,709	\$ 165,599	\$ (165,599)			\$ (153,266)	\$ 70	
Total U.S. Department of Education								\$ (492,853)	\$ (6,639)			\$ (153,266)	\$ 70	
U.S. Department of Treasury:														
Passed-through State Department of Education: Special Revenue Fund: COVID-19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	25,689				25,689	(25,652)				37	
Total U.S. Department of Treasury								25,689	(25,652)				37	
Total Federal Awards						\$ (105,348)	\$ 6,709	\$ 524,444	\$ (581,822)	\$ (6,639)	\$ -	\$ (161,756)	\$ 107	\$ -

N/A - Not Available/Applicable

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020		Balance June 30, 2021		MEMO		
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	GAAP Accounts Receivable	GAAP Unearned Revenue	Budgetary Expenditures	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:										
General Fund State Aid:										
Categorical Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 257,132		\$	\$ 231,803	\$ (257,132)	\$	\$ (25,329)	\$ 257,132
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	1,609,008			1,450,510	(1,609,008)		(158,498)	1,609,008
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	100,706			90,786	(100,706)		(9,920)	100,706
Categorical Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	326,614			294,441	(326,614)		(32,173)	326,614
Excess Nonpublic Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	1,160				(1,160)	\$	(1,160)	1,160
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	155,419				(155,419)		(155,419)	155,419
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	174,072				(174,072)		(18,863)	174,072
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	196,784				(196,784)			196,784
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	616,207				(616,207)			616,207
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	11,724				(11,724)			11,724
On-Behalf Long Term Disability Insurance Contributions	21-495-034-5094-004	7/1/20-6/30/21	356				(356)			356
Categorical Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	257,132	\$ (26,353)		26,353				257,132
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	1,807,057	(185,201)		185,201				1,807,057
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	100,706	(10,321)		10,321				100,706
Categorical Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	326,614	(33,474)		33,474				326,614
Excess Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	290	(290)						290
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	81,800	(74,352)		81,800	(7,448)			81,800
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	168,481	(8,735)		8,735				168,481
Subtotal - General Fund			3,393,994	(338,726)		3,393,994	(3,456,630)		(175,442)	6,191,262
Special Revenue Fund Aid:										
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	742,728			669,565	(691,517)	\$	51,211	691,517
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	730,296			74,846			218,280	512,016
Subtotal - Special Revenue Fund						744,411	(691,517)		269,491	1,203,533
State Department of Agriculture:										
Food Service Fund:										
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	85			85	(85)			85
COVID-19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	4,744			1,849	(4,744)		(2,895)	4,744
COVID-19 - Seamless Summer Option	20-100-010-3350-023	3/1/20-6/30/20	43			43				43
Subtotal - Food Service Fund			1,977			1,977	(4,829)		(2,895)	4,872
Total State Awards			\$ 4,140,382	\$ 218,280	\$ 4,140,382	\$ 4,140,382	\$ (4,152,976)	\$ (178,337)	\$ 269,491	\$ 7,399,667
Less: On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/20-6/30/21	169,422							169,422
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/20-6/30/21	448,645							448,645
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/20-6/30/21	8,041							8,041
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-004	7/1/20-6/30/21	379							379
Subtotal - On-Behalf TPAF Pension System Contributions			825,071							825,071
Total State Awards Subject to Single Audit Major Program Determination			\$ (3,327,905)							\$ (3,327,905)

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Montague Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$29,429 for the General Fund and \$24,537 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 165,599	\$ 3,486,059	\$ 3,651,658
Special Revenue Fund	375,815	693,145	1,068,960
Food Service Enterprise Fund	63,317	4,829	68,146
Total Awards	\$ 604,731	\$ 4,184,033	\$ 4,788,764

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, 2021.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 and 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>State</u>		<u>Award</u>	<u>Budgetary</u>
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
<u>State Aid - Public:</u>				
Categorical Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 257,132	\$ 257,132
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	1,609,008	1,609,008
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	100,706	100,706

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

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.

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.