

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF MONTCLAIR**

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

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

**Comprehensive Annual
Financial Report**

of the

Township of Montclair School District

Montclair, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

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

Finance Department

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
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**INTRODUCTORY SECTION
(UNAUDITED)**



MONTCLAIR PUBLIC SCHOOLS

BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042

WWW.MONTCLAIR.K12.NJ.US

January 31, 2022

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

Dear Board Members:

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

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2020-2021 fiscal year with an enrollment of 6,501 students, which is a decrease of 154 students from the previous year's enrollment.

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

The April 1, 2020 U.S. Census indicated that the population increased 3,252 people to 40,921 from the April 1, 2010 U.S. Census with 25% of those being persons under 18 years old. Families with young children choose Montclair for its excellent schools. The housing market remains active as senior citizens leave the area and are replaced by younger families.

In March 2020, the District moved to 100% remote learning due to the outbreak of COVID-19. In the 2020-2021 school year the District remained 100% remote until late spring 2021. As a result of COVID-19 and remote learning, the District experienced a reduction in students from the 2019-2020 school year. The District has also had to contend with ventilation requirements due to COVID-19 and the costs of making adjustments to the District facilities to meet these requirements with limited capital funding for such adjustments.

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

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

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

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

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

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

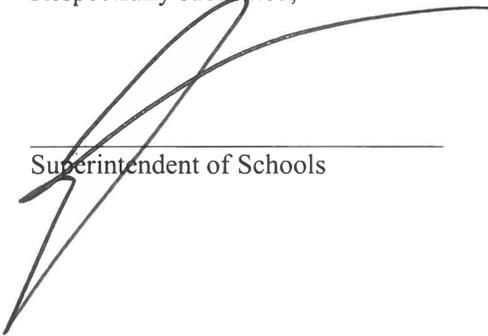
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District.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

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

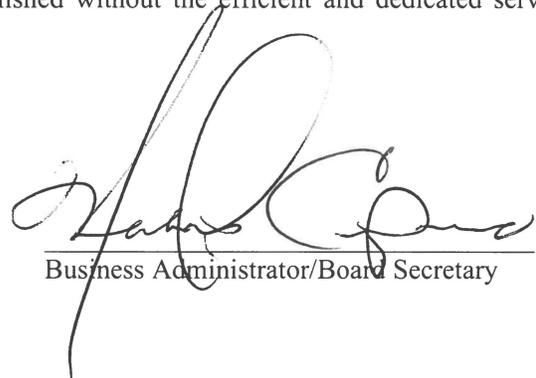
The Honorable President and Members of
the Board of Education
Montclair School District
Page 4
January 31, 2022

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

Respectfully submitted,



Superintendent of Schools



Business Administrator/Board Secretary

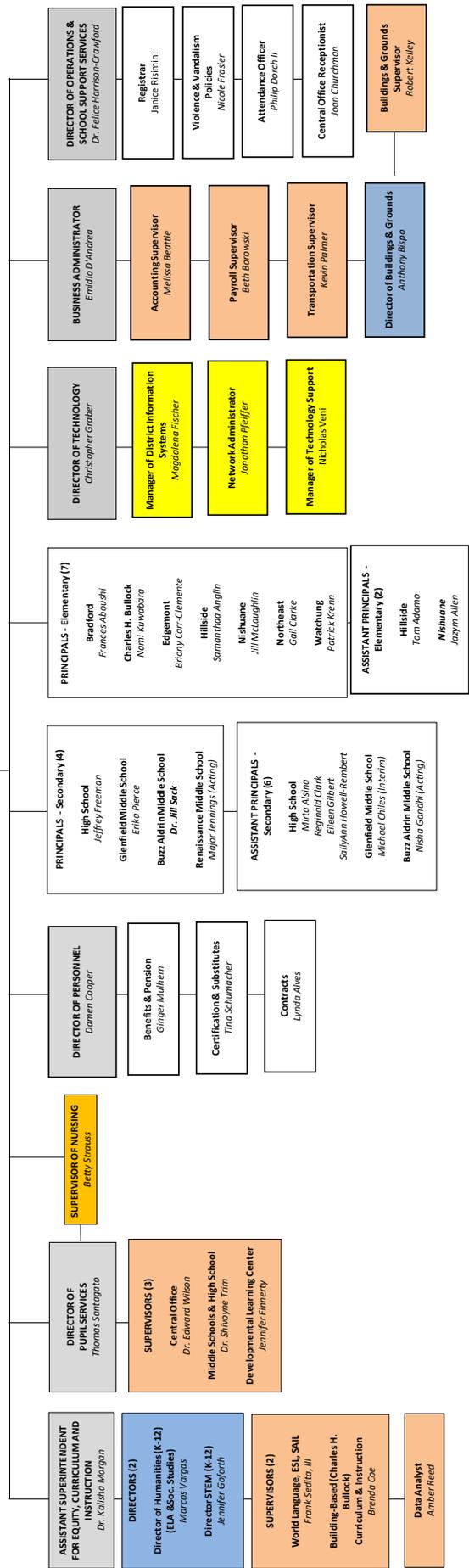
MONTCLAIR BOARD OF EDUCATION
Table of Organization
School Year 2020-2021

BOARD OF EDUCATION

BOARD SECRETARY
Emilio D'Andrea

ASSISTANT BOARD SECRETARY
Dr. Jonathan C. Ponds

SUPERINTENDENT
Dr. Jonathan C. Ponds



2/1/2022

Montclair Public Schools

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

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Latifah Jannah, President	2022
Priscilla Church, Vice President	2022
Dr. Alfred Davis Jr.	2022
Allison Silverstein	2023
Katherine Weller-Demming	2024
Crystal Hopkins	2024
Eric Scherzer	2024

<u>Other Officers</u>	<u>Title</u>
Dr. Jonathan Ponds	Superintendent of Schools
Andrea Del Guercio	Treasurer of School Monies
Emidio D'Andrea	School Business Administrator/Board Secretary (Until 6/2021)
Nicholas Cipriano	School Business Administrator/Board Secretary (Beginning 8/2021)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architects

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

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

Attorneys

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

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

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

Audit Firm

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

Official Depositories

Valley National Bank
1460 Valley Road
Wayne, New Jersey 07470

Investors Savings Bank
505 Bloomfield Avenue
Montclair, New Jersey 07042

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District (the "District"), a component unit of the Township of Montclair, in the County of Essex, as of and for the fiscal year ended June 30, 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 Board of Education of the Montclair Township School District, in the County of Essex, 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 18 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 postemployment benefit schedules in Exhibits L-1 through L-7 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

January 31, 2022
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021

This section of the Montclair Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 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 services, provisional teacher, and Summer programs.

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

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

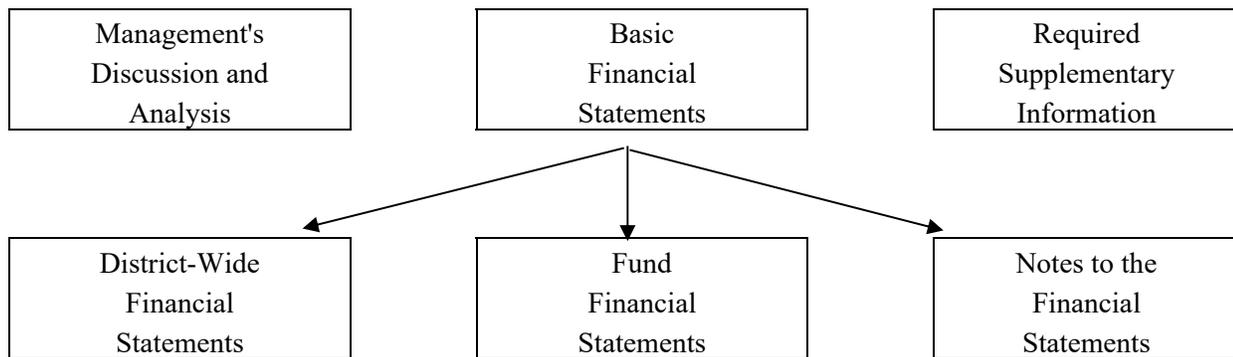


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

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, provisional teacher, and Summer programs
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 focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the fiscal year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$37,916,953 on June 30, 2021, \$4,395,489 or 13.11% more than it was the fiscal year before (See Figure A-3). Net investment in capital assets decreased \$8,611,071 due to current fiscal year depreciation and ESIP lease issued, offset by capital asset additions and current year maturities of capital leases. Restricted net position decreased \$93,700 primarily as a result of a decrease in excess surplus and a net decrease in the capital reserve, offset by net increases in unemployment compensation, workers compensation and student activities. Unrestricted net position increased by \$13,100,260 primarily due to the changes in compensated absences payable, accrued interest, net pension liability and deferred inflows and outflows of resources related to pensions, a net increase in capital projects, unexpended budget appropriations, an excess in state revenues and a net shortfall in local revenues.

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/2020		2019/2020		2019/2020		
	2020/2021	(Restated)	2020/2021	2019/2020	2020/2021	(Restated)	
Current and Other Assets	\$ 23,035,197	\$ 11,920,246	\$ 555,670	\$ 282,891	\$ 23,590,867	\$ 12,203,137	
Capital Assets, Net	70,310,105	68,258,914	131,692	162,836	70,441,797	68,421,750	
Total Assets	93,345,302	80,179,160	687,362	445,727	94,032,664	80,624,887	16.63%
Deferred Outflows of Resources	4,208,331	5,489,985			4,208,331	5,489,985	-23.35%
Other Liabilities	4,858,037	4,757,758	282,461	162,155	5,140,498	4,919,913	
Long-Term Liabilities	41,853,346	34,496,525			41,853,346	34,496,525	
Total Liabilities	46,711,383	39,254,283	282,461	162,155	46,993,844	39,416,438	19.22%
Deferred Inflows of Resources	13,330,198	13,176,970			13,330,198	13,176,970	1.16%
Net Position:							
Net Investment in Capital Assets	59,373,803	67,953,730	131,692	162,836	59,505,495	68,116,566	
Restricted	4,238,524	4,332,224			4,238,524	4,332,224	
Unrestricted/ (Deficit)	(26,100,275)	(39,048,062)	273,209	120,736	(25,827,066)	(38,927,326)	
Total Net Position	\$ 37,512,052	\$ 33,237,892	\$ 404,901	\$ 283,572	\$ 37,916,953	\$ 33,521,464	13.11%

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021

Changes in Net Position. The District's combined net position increased \$4,395,489 or 13.11%. Net position from governmental activities increased by \$4,274,160 and net position from business-type activities increased by \$121,329 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 436,757	\$ 103,243	\$ 99,100	\$ 944,843	\$ 535,857	\$ 1,048,086	
Grants and Contributions:							
Operating	44,893,550	40,115,416	618,568	446,495	45,512,118	40,561,911	
Capital	1,299,430	3,067,311			1,299,430	3,067,311	
General Revenue:							
Property Taxes	120,625,307	118,260,105			120,625,307	118,260,105	
Unrestricted Federal and State Aid	1,158,116	1,163,802			1,158,116	1,163,802	
Other	346,819	1,845,936	18,720	149,154	365,539	1,995,090	
Total Revenue	<u>168,759,979</u>	<u>164,555,813</u>	<u>736,388</u>	<u>1,540,492</u>	<u>169,496,367</u>	<u>166,096,305</u>	2.05%
Expenses:							
Instruction	85,259,372	83,741,692			85,259,372	83,741,692	
Pupil and Instruction Services	45,642,821	43,194,191			45,642,821	43,194,191	
Administrative and Business	14,596,732	14,018,311			14,596,732	14,018,311	
Maintenance and Operations	13,252,878	11,675,129			13,252,878	11,675,129	
Transportation	3,691,149	6,657,707			3,691,149	6,657,707	
Other	2,042,867	2,042,095	615,059	1,598,789	2,657,926	3,640,884	
Total Expenses	<u>164,485,819</u>	<u>161,329,125</u>	<u>615,059</u>	<u>1,598,789</u>	<u>165,100,878</u>	<u>162,927,914</u>	1.33%
Increase/(Decrease) in Net Position	<u>\$ 4,274,160</u>	<u>\$ 3,226,688</u>	<u>\$ 121,329</u>	<u>\$ (58,297)</u>	<u>\$ 4,395,489</u>	<u>\$ 3,168,391</u>	38.73%

Governmental Activities

Net position from the District's governmental activities increased by \$4,274,160 in 2020-2021. A majority of all revenue for the Montclair Township School District is collected through property taxes. Each fiscal year, the District must seek Board of School Estimate approval of its budget.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Governmental Activities

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

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

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2020/2021</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2019/2020</u>
Instruction	\$ 85,259,372	\$ 83,741,692	\$ 57,252,048	\$ 58,371,103
Pupil and Instruction Services	45,642,821	43,194,191	34,116,243	33,607,702
Administrative and Business	14,596,732	14,018,311	11,820,504	11,545,447
Maintenance and Operations	13,252,878	11,675,129	10,299,281	7,087,789
Transportation	3,691,149	6,657,707	2,325,139	5,389,019
Other	2,042,867	2,042,095	2,042,867	2,042,095
	<u>\$ 164,485,819</u>	<u>\$ 161,329,125</u>	<u>\$ 117,856,082</u>	<u>\$ 118,043,155</u>

Business-Type Activities

- Net position from the District’s business-type activity increased \$121,329. (Refer to Figure A-4).

General Fund Budgetary Highlights

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Capital Asset and Long Term Liabilities Administration

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Sites (Land)	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	
Buildings and Building Improvements	61,707,484	60,249,799			61,707,484	60,249,799	
Machinery and Equipment	3,415,266	2,821,760	\$ 131,692	\$ 162,836	3,546,958	2,984,596	
Total Capital Assets, Net	\$ 70,310,105	\$ 68,258,914	\$ 131,692	\$ 162,836	\$ 70,441,797	\$ 68,421,750	2.95%

The District's capital assets increased by \$2,051,191. Total capital acquisitions were \$4,546,875, offset by depreciation of \$2,526,828.

Long-Term Liabilities

At fiscal year-end, the District had \$4,086,778 in Compensated Absences Payable outstanding – a net increase of \$305,742 from the prior fiscal year and a \$10,720,000 ESIP Lease Payable (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

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

	Total School District		Percentage Change
	2020/2021	2019/2020	
Compensated Absences Payable	\$ 4,086,778	\$ 3,781,036	
Net Pension Liability	26,830,266	30,410,305	
Capital Leases Payable	216,302	305,184	
ESIP Lease Payable	10,720,000		
	\$ 41,853,346	\$ 34,496,525	21.33%

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

The Audit for the Fiscal year 2021 reflects a stable financial position for the Montclair School District, which is supporting the current fiscal year (2021-2022) budget through balanced/consistent use of fund balance and an increased tax levy base.

As the District prepares for the development of the 2022-2023 budget, it will be faced with the ongoing challenges of the State mandated 2% cap on the tax levy while recurring expenses in the areas of salaries, special education costs, utilities and employee health benefits continue to rise. In the area of employee health benefits, the implementation of Chapter 44 health benefit requirements has not produced the savings that the State anticipated it would and has instead increased the cost of employee health benefits to the district for January 2021 through June 2021. While the district's fund balance has remained consistent over the last several years, as compared to the historic spike in June 2011 and 2012, the ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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

The November 2021 election had a proposal on the ballot to change the Montclair School District from a Type I school district with an appointed Board of Education and a Board of School Estimate to a Type II school district with an elected Board of Education. The proposal passed with approximately 70% of the voters responding yes to changing the Montclair School District to a Type II school district.

The district will be holding a special election on March 8, 2022 to elect two additional Board of Education members to the Board, bringing the number of members from 7 to 9 as required of a Type II school district.

With the change from a Type I school district to a Type II school district, also comes changes to the funding of capital projects for the school district. As a Type I school district, the Montclair Public Schools was able to request funding from the Board of School Estimate for capital projects and if approved the Township of Montclair would issue a capital ordinance and assume the debt for such funding. With the change to a Type II school district, the Montclair Public Schools will need to prepare a referendum question for the voters of Montclair to vote on during the election cycle to have capital projects approved and then the school district would assume the debt for such funding.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 16,638,562	\$ 441,589	\$ 17,080,151
Receivables from Other Governments	3,147,918	72,271	3,220,189
Accounts Receivable - Other	16,196	104	16,300
Student Accounts Receivable (less allowance of \$74,930)		15,000	15,000
Internal Balances	(4,945)	4,945	
Inventory		21,761	21,761
Restricted Cash and Cash Equivalents	3,237,466		3,237,466
Capital Assets, Net:			
Sites (Land)	5,187,355		5,187,355
Depreciable Buildings and Building Improvements and Machinery and Equipment	65,122,750	131,692	65,254,442
Total Assets	93,345,302	687,362	94,032,664
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources Related to Pensions	4,208,331		4,208,331
Total Deferred Outflows of Resources	4,208,331		4,208,331
LIABILITIES:			
Accounts Payable	4,375,183	73,622	4,448,805
Accrued Interest Payable	84,030		84,030
Unearned Revenue	208,582	208,839	417,421
Payable to Federal Government	3,381		3,381
Payable to State Government	186,861		186,861
Noncurrent Liabilities:			
Due Within One Year	400,448		400,448
Due Beyond One Year	41,452,898		41,452,898
Total Liabilities	46,711,383	282,461	46,993,844
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	13,330,198		13,330,198
Total Deferred Inflows of Resources	13,330,198		13,330,198
NET POSITION:			
Net Investment in Capital Assets	59,373,803	131,692	59,505,495
Restricted for:			
Excess Surplus	1,001,058		1,001,058
Capital Projects	1,298,525		1,298,525
Maintenance	884,278		884,278
Unemployment Compensation	488,601		488,601
Workers Compensation	162,059		162,059
Student Activities	404,003		404,003
Unrestricted/(Deficit)	(26,100,275)	273,209	(25,827,066)
Total Net Position	\$ 37,512,052	\$ 404,901	\$ 37,916,953

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 62,704,943	\$ 71,680	\$ 14,801,477	\$ 73,778	\$ (47,829,688)	\$ (47,829,688)	
Special Education	18,013,387		12,084,545		(5,857,162)	(5,857,162)	
Other Special Instruction	2,226,687		493,166		(1,733,521)	(1,733,521)	
School Sponsored Instruction	2,314,355		482,678		(1,831,677)	(1,831,677)	
Support Services:							
Tuition	7,171,960		1,040,138		(6,131,822)	(6,131,822)	
Student & Instruction Related Services	38,470,861	365,077	10,121,363		(27,984,421)	(27,984,421)	
General Administrative Services	2,943,932		228,186		(2,715,746)	(2,715,746)	
School Administrative Services	7,750,757		1,836,874		(5,913,883)	(5,913,883)	
Central Services	2,552,765		485,512		(2,067,253)	(2,067,253)	
Administrative Information Technology	1,349,278		225,656		(1,123,622)	(1,123,622)	
Plant Operations and Maintenance	13,252,878		1,727,945	1,225,652	(10,299,281)	(10,299,281)	
Pupil Transportation	3,691,149		1,366,010		(2,325,139)	(2,325,139)	
Charter Schools	19,165				(19,165)	(19,165)	
Unallocated Depreciation	2,023,702				(2,023,702)	(2,023,702)	
Total Governmental Activities	164,485,819	436,757	44,893,550	1,299,430	(117,856,082)	(117,856,082)	

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 568,999	\$ 23,050	\$ 618,568		\$ 72,619	\$ 72,619	\$ 72,619
Summer Programs	16,860	16,800			(60)	(60)	(60)
Provisional Teacher	29,500	59,550			30,050	30,050	30,050
Total Business-Type Activities	615,359	99,400	618,568		102,609	102,609	102,609
Total Primary Government	\$ 165,101,178	\$ 536,157	\$ 45,512,118	\$ 1,299,430	\$ (117,856,082)	\$ 102,609	\$ (117,753,473)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					120,625,307		120,625,307
Federal and State Aid Not Restricted					1,158,116		1,158,116
Investment Earnings					24,700	135	24,835
Miscellaneous Revenue					340,704		340,704
Transfers					(18,585)	18,585	
Total General Revenues and Transfers					122,130,242	18,720	122,148,962
Change in Net Position					4,274,160	121,329	4,395,489
Net Position - Beginning (Restated)					33,237,892	283,572	33,521,464
Net Position - Ending					\$ 37,512,052	\$ 404,901	\$ 37,916,953

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

FUND FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 9,028,963		\$ 7,609,599	\$ 16,638,562
Interfund Receivable	456,227			456,227
Receivables From Federal Government		\$ 785,735		785,735
Receivables From State Government	2,359,411	2,772		2,362,183
Accounts Receivable - Other	15,778	418		16,196
Restricted Cash and Cash Equivalents	2,833,463	404,003		3,237,466
Total Assets	<u>\$ 14,693,842</u>	<u>\$ 1,192,928</u>	<u>\$ 7,609,599</u>	<u>\$ 23,496,369</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 2,241,510	\$ 153,686		\$ 2,395,196
Interfund Payable	4,945	236,415	\$ 219,812	461,172
Unearned Revenue		208,582		208,582
Payable to Federal Government		3,381		3,381
Payable to State Government		186,861		186,861
Total Liabilities	<u>2,246,455</u>	<u>788,925</u>	<u>219,812</u>	<u>3,255,192</u>
Fund Balances:				
Restricted:				
Excess Surplus 2021-22	1,001,058			1,001,058
Capital Reserve	1,298,525			1,298,525
Maintenance Reserve	884,278			884,278
Unemployment Compensation	488,601			488,601
Workers Compensation	162,059			162,059
Student Activities		404,003		404,003
Capital Projects			7,209,422	7,209,422
Committed - Capital Projects			180,365	180,365
Assigned:				
Year-End Encumbrances	1,838,389			1,838,389
For Subsequent Year's Expenditures	1,498,942			1,498,942
Unassigned	5,275,535			5,275,535
Total Fund Balances	<u>12,447,387</u>	<u>404,003</u>	<u>7,389,787</u>	<u>20,241,177</u>
Total Liabilities and Fund Balances	<u>\$ 14,693,842</u>	<u>\$ 1,192,928</u>	<u>\$ 7,609,599</u>	<u>\$ 23,496,369</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.	70,310,105
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(15,023,080)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not Due and Payable in the Current Period and are not Reported in the Governmental Funds.	(26,830,266)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(84,030)
Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	2,228,344
Deferred Inflows of Resources Related to Pensions	(13,330,198)
Net Position of Governmental Activities	<u>\$ 37,512,052</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 120,625,307			\$ 120,625,307
Tuition	71,680			71,680
Interest Earned on Capital Reserve Funds	2,913			2,913
Rents and Royalties	12,364			12,364
Miscellaneous	349,136	\$ 452,358	\$ 991	802,485
Total - Local Sources	121,061,400	452,358	991	121,514,749
State Sources	34,628,910	931,966		35,560,876
Federal Sources	81,434	3,376,318		3,457,752
Total Revenue	155,771,744	4,760,642	991	160,533,377
EXPENDITURES:				
Current:				
Regular Instruction	39,464,188	491,189		39,955,377
Special Education Instruction	10,895,398	545,174		11,440,572
Other Special Instruction	1,455,854			1,455,854
School Sponsored Instruction	1,540,662			1,540,662
Support Services and Undistributed Costs:				
Tuition	6,131,822	1,040,138		7,171,960
Student & Instruction Related Services	23,417,806	2,581,726		25,999,532
General Administration Services	2,459,035			2,459,035
School Administration Services	4,861,129			4,861,129
Central Services	1,359,176			1,359,176
Administration Information Technology	834,524			834,524
Plant Operations and Maintenance	10,216,526			10,216,526
Pupil Transportation	3,555,992			3,555,992
Unallocated Benefits	45,651,292			45,651,292
Capital Outlay	333,855	73,778	4,281,060	4,688,693
Charter School	19,165			19,165
Total Expenditures	152,196,424	4,732,005	4,281,060	161,209,489
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	3,575,320	28,637	(4,280,069)	(676,112)
OTHER FINANCING SOURCES/(USES):				
Montclair Improvement Authorizations			1,169,772	1,169,772
ESIP Lease Proceeds			10,720,000	10,720,000
Transfers In	991		159,738	160,729
Transfers Out	(178,323)		(991)	(179,314)
Total Other Financing Sources/(Uses)	(177,332)		12,048,519	11,871,187
Net Change in Fund Balances	3,397,988	28,637	7,768,450	11,195,075
Fund Balance (Deficit)—July 1 (Restated)	9,049,399	375,366	(378,663)	9,046,102
Fund Balance —June 30	\$ 12,447,387	\$ 404,003	\$ 7,389,787	\$ 20,241,177

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 11,195,075
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount by which capital outlays differ from depreciation.	
Depreciation expense	\$ (2,495,684)
Capital outlays	<u>4,546,875</u>
	2,051,191

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

Capital leases entered into by the District are other financing sources in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

In the statement of activities, interest on long-term debt is accrued, regardless of when it is due. In the Governmental Funds, interest is reported when it is due. The accrued interest is a reduction in the reconciliation. (-)

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

Change in Net Pension Liability	3,580,039
Change in Deferred Outflows of Resources Related to Pensions	(1,378,027)
Change in Deferred Inflows of Resources Related to Pensions	<u>(153,228)</u>
	<u>2,048,784</u>

Total Change in Net Position - Governmental Activities (Exhibit A-2)	<u>\$ 4,274,160</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major</u>	<u>Enterprise</u>
	<u>Program</u>	<u>Funds</u>	<u>Funds</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 170,491	\$ 271,098	\$ 441,589
Intergovernmental Accounts Receivable:			
State	4,240		4,240
Federal	68,031		68,031
Accounts Receivable:			
Other	104		104
Student - (less allowance of \$74,930)	15,000		15,000
Interfund Receivable	4,945		4,945
Inventories	21,761		21,761
Total Current Assets	<u>284,572</u>	<u>271,098</u>	<u>555,670</u>
Non-Current Assets:			
Capital Assets	565,560		565,560
Less: Accumulated Depreciation	(433,868)		(433,868)
Total Non-Current Assets	<u>131,692</u>		<u>131,692</u>
Total Assets	<u>416,264</u>	<u>271,098</u>	<u>687,362</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	85,487	123,352	208,839
Accounts Payable	73,622		73,622
Total Liabilities	<u>159,109</u>	<u>123,352</u>	<u>282,461</u>
NET POSITION:			
Investment in Capital Assets	131,692		131,692
Unrestricted	125,463	147,746	273,209
Total Net Position	<u>\$ 257,155</u>	<u>\$ 147,746</u>	<u>\$ 404,901</u>

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

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

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 10,311		\$ 10,311
Non-Reimbursable Programs	<u>7,564</u>		<u>7,564</u>
Total Daily Sales	17,875		17,875
Special Functions	5,175		5,175
Program Fees		\$ 16,800	16,800
Mentor Fees		<u>59,550</u>	<u>59,550</u>
Total Operating Revenue	<u>23,050</u>	<u>76,350</u>	<u>99,400</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	231,654		231,654
Non-Reimbursable Programs	<u>2,346</u>		<u>2,346</u>
Total Cost of Sales	234,000		234,000
Salaries, Benefits & Payroll Taxes	174,790	32,490	207,280
Administrative Expenses	56,960	13,870	70,830
Supplies and Materials	36,440		36,440
Management Fee	35,665		35,665
Depreciation Expense	<u>31,144</u>		<u>31,144</u>
Total Operating Expenses	<u>568,999</u>	<u>46,360</u>	<u>615,359</u>
Operating Income/(Loss)	(545,949)	29,990	(515,959)
Non-Operating Revenue:			
Local Sources:			
Interest Income	135		135
State Sources:			
COVID-19 Seamless Summer Option	15,108		15,108
Supplemental	1,151		1,151
Federal Sources:			
COVID-19 Seamless Summer Option	550,588		550,588
Food Distribution Program	<u>51,721</u>		<u>51,721</u>
Total Non-Operating Revenue	<u>618,703</u>		<u>618,703</u>
Change in Net Position Before Transfer	72,754	29,990	102,744
Transfer In - General Fund	<u>18,585</u>		<u>18,585</u>
Change in Net Position After Transfer	91,339	29,990	121,329
Net Position - Beginning of Year	<u>165,816</u>	<u>117,756</u>	<u>283,572</u>
Net Position - End of Year	<u>\$ 257,155</u>	<u>\$ 147,746</u>	<u>\$ 404,901</u>

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

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

	Major Fund Food Service Program	Non-Major Funds	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 605	\$ 186,702	\$ 187,307
Receipts from Special Functions	230		230
Payments to Employees		(32,490)	(32,490)
Payments to Food Service Management Contractor	(427,568)		(427,568)
Payments to Suppliers	(18,585)	(3,800)	(22,385)
Other Payments		(11,370)	(11,370)
Net Cash Provided by/(Used for) Operating Activities	<u>(445,318)</u>	<u>139,042</u>	<u>(306,276)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	135		135
Net Cash Provided by Investing Activities	<u>135</u>		<u>135</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	547,098		547,098
Cash Received from Transfers - General Fund:			
Prior Year Interfund Returned	8,120		8,120
Board Contribution	18,585		18,585
Net Cash Provided by Noncapital Financing Activities	<u>573,803</u>		<u>573,803</u>
Net Increase in Cash and Cash Equivalents	128,620	139,042	267,662
Cash and Cash Equivalents, July 1	41,871	132,056	173,927
Cash and Cash Equivalents, June 30	<u>\$ 170,491</u>	<u>\$ 271,098</u>	<u>\$ 441,589</u>
Reconciliation of Operating Income/(Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (545,949)	\$ 29,990	\$ (515,959)
Adjustment to Reconcile Operating Income/(Loss) to			
Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	51,721		51,721
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(104)	1,900	1,796
(Increase) in Interfund Receivable	(4,945)		(4,945)
Decrease in Inventory	9,661		9,661
Increase/(Decrease) in Unearned Revenue	(22,426)	108,452	86,026
Increase/(Decrease) in Accounts Payable	35,580	(1,300)	34,280
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (445,318)</u>	<u>\$ 139,042</u>	<u>\$ (306,276)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$46,461 and utilized \$51,721 for the fiscal year ended June 30, 2021.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

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

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

(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental 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 non-instructional equipment which are classified in the capital outlay sub-fund.

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

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

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

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

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

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

(Continued)

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

D. Budgets/Budgetary Control

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

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

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

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

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

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

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 155,788,424	\$ 4,501,698
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(145,139)
Prior Year Encumbrances		440,563
Prior Year Encumbrances Canceled		(36,480)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	743,247	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(759,927)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 155,771,744	\$ 4,760,642
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule		
from the Budgetary Comparison Schedule	\$ 152,196,424	\$ 4,473,061
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(145,139)
Prior Year Encumbrances		440,563
Prior Year Encumbrances Canceled		(36,480)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 152,196,424	\$ 4,732,005

MONTCLAIR 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)

	Capital Projects Fund	
	Revenue and Other Financing Sources	Fund Balance/ (Deficit)
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ 15,643,641	\$ 13,956,566
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	(3,593,140)	(6,566,779)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 12,050,501	\$ 7,389,787

E. Cash and Cash Equivalents

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

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

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

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

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

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

G. Allowance for Uncollectible Accounts

As of June 30, 2021 and 2020, the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amounts of \$74,930 and \$151,638, respectively. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

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

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

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

L. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have a portion of their salaries withheld as summer savings until year-end. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2021, the balance in the summer savings was paid to the District employees.

M. Long Term Liabilities

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

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

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

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$12,447,387 General Fund fund balance at June 30, 2021, \$1,838,389 is assigned for encumbrances; \$1,298,525 is restricted in the capital reserve; \$884,278 is restricted in the maintenance reserve; \$488,601 is restricted for unemployment compensation; \$162,059 is restricted for workers compensation; \$1,001,058 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and is included as anticipated revenue for the year ending June 30, 2022; \$1,498,942 is assigned fund balance designated for subsequent year's expenditures, and \$5,275,535 is unassigned which is \$759,927 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis at June 30, 2021.

Special Revenue Fund: The \$404,003 Special Revenue Fund fund balance at June 30, 2021 is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund has \$7,209,422 in restricted fund balance and \$180,365 in committed fund balance at June 30, 2021 which is \$6,566,779 less on the GAAP basis due to the SDA grants and Township receivables not recognized on the GAAP basis.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus at June 30, 2021 is \$1,001,058.

MONTCLAIR 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)

P. Fund Balance Appropriated (Cont'd)

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

Q. Net Position

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

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

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

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

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

(Continued)

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

R. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$26,100,275 in governmental activities, which is primarily a result of compensated absences, accrued interest and ESIP lease payable, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions.

This deficit does not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, unemployment compensation and workers compensation in the General Fund, student activities in the Special Revenue Fund and for capital projects in the Capital Projects Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 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 fiscal year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

T. Revenue - Exchange and Non-exchange Transactions

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

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

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

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

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

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

W. Pensions

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

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

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

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

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

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

(Continued)

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

Investments:

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

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

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

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

Investments: (Cont'd)

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

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

	Restricted Cash and Cash Equivalents			
Cash and Cash Equivalents	Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation	
Checking and Savings Accounts	\$ 17,080,151	\$ 1,298,525	\$ 884,278	\$ 488,601
	Restricted Cash and Cash Equivalents			
	Workers Compensation	Student Activities	Total	
Checking and Savings Accounts	\$ 162,059	\$ 404,003	\$ 20,317,617	

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 \$20,317,617 and the bank balance was \$25,140,930.

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

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

Balance July 1, 2020	\$	1,389,965
Increased by:		
Board Resolution June 21, 2021		65,385
Interest Earnings		2,913
		1,458,263
Decreased by:		
Withdrawal by Board Resolution to Capital Projects Fund		(159,738)
		\$ 1,298,525
Balance June 30, 2021		

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

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

Balance July 1, 2020	\$	884,278
Increased by:		
Board Resolution June 21, 2021		300,000
		1,184,278
Decreased by:		
Budgeted Withdrawal		(300,000)
		884,278
Balance June 30, 2021	\$	884,278

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2021, there was \$209,547 in transfers to the capital outlay accounts. \$153,967 was for equipment which did not require County Superintendent approval and \$55,880 was the appropriation of a security grant for facilities acquisition and construction services which required County Superintendent approval.

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

NOTE 7. 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)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	<u>5,187,355</u>			<u>5,187,355</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	88,623,219	\$ 3,423,053		92,046,272
Machinery and Equipment	7,774,823	1,123,822		8,898,645
Total Capital Assets Being Depreciated	<u>96,398,042</u>	<u>4,546,875</u>		<u>100,944,917</u>
Governmental Activities Capital Assets	<u>101,585,397</u>	<u>4,546,875</u>		<u>106,132,272</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(28,373,420)	(1,965,368)		(30,338,788)
Machinery and Equipment	<u>(4,953,063)</u>	<u>(530,316)</u>		<u>(5,483,379)</u>
	<u>(33,326,483)</u>	<u>(2,495,684)</u>		<u>(35,822,167)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 68,258,914</u>	<u>\$ 2,051,191</u>	<u>\$ -0-</u>	<u>\$ 70,310,105</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 565,560			\$ 565,560
Less Accumulated Depreciation	<u>(402,724)</u>	<u>\$ (31,144)</u>		<u>(433,868)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 162,836</u>	<u>\$ (31,144)</u>	<u>\$ -0-</u>	<u>\$ 131,692</u>

The District had active construction projects totaling \$24,977,197 with unexpended balances of \$13,956,566 as of June 30, 2021. The District had \$11,147,132 in outstanding construction commitments at June 30, 2021.

The increases totaling \$4,546,875 represent current fiscal year capitalized expenditures in the general fund, special revenue fund and capital projects fund.

Depreciation expense was charged to governmental functions as follows:

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

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

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Compensated Absences Payable	\$ 3,781,036	\$ 368,721	\$ 62,979	4,086,778
Net Pension Liability	30,410,305		3,580,039	26,830,266
Capital Leases Payable	305,184		88,882	216,302
ESIP Lease Payable		10,720,000		10,720,000
	\$34,496,525	\$11,088,721	\$ 3,731,900	\$41,853,346

A. Bonds Payable:

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

B. Capital Leases Payable:

The District has a commitment to lease school buses and maintenance vehicles and equipment under a capital lease totaling \$360,000 of which \$143,698 has been liquidated as of June 30, 2021. The lease is for four years with the final payment occurring in fiscal year 2023-24. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2021.

<u>Year</u>	<u>Amount</u>
2022	\$ 75,642
2023	75,642
2024	75,642
	226,926
Less: Amount representing interest	(10,624)
Total future minimum lease payments	\$ 216,302

The current portion of capital lease payable at June 30, 2021 is \$70,372 and the long-term portion is \$145,930. Capital leases payable will be liquidated by the General Fund.

On December 22, 2020, the District entered into a \$10,720,000 energy savings improvement program (“ESIP”) lease with an interest rate of 1.501%. The lease matures on December 15 and June 15 commencing December 15, 2021 through December 15, 2036. The ESIP lease is funding the implementation of the District’s ESIP, entailing various permitted energy conservation measures under the ESIP Law. This includes installation of interior and exterior lighting upgrades and replacements, lighting occupancy sensors, energy management systems, HVAC systems and control systems, building exterior weatherization improvements and small-scale solar PV systems.

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

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

B. Capital Leases Payable: (Cont'd)

The ESIP Law (P.L. 2009, c. 4) allowed the District to enter into the ESIP lease without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements (collectively, "ECMs"); provided that the value of the savings will cover the cost of the ECMs. The ESIP law provides, however, that notwithstanding any law to the contrary, the ESIP lease shall not be excepted from any budget or school levy limitation otherwise provided by law, and shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

The District's ESIP lease outstanding as of June 30, 2021 is as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 567,083
2023	858,657
2024	1,126,628
2025	893,925
2025	766,218
2026	3,598,012
2027-2031	3,896,811
2037	421,135
	<u>12,128,469</u>
Less: Amount representing interest	<u>(1,408,469)</u>
Total future minimum lease payments	<u>\$ 10,720,000</u>

The current portion of the ESIP lease payable at June 30, 2021 is \$330,076 and the long-term portion is \$10,389,924. The ESIP lease payable will be liquidated by the General Fund.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The entire compensated absences balance of \$4,086,778 in the governmental funds is a long-term liability. Compensated absences will be liquidated through the General Fund.

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.

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

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

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 \$26,268,249. See Note 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$562,017. See Note 9 for further information on the Board of Education Employee's Pension Fund of Essex County.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's 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. The following represents the membership tiers for PERS:

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,762,157 for fiscal year 2021.

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

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

At June 30, 2021, the District reported a liability of \$26,268,249 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 0.161%, which was a decrease of 0.004% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension benefit of \$311,713. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2016	5.57	\$ 852,172	
	2017	5.48		\$ 2,486,505
	2018	5.63		2,439,434
	2019	5.21		1,937,260
	2020	5.16		4,135,566
Subtotal			852,172	10,998,765
Changes in Proportion:	2016	5.57		99,778
	2017	5.48		917,193
	2018	5.63		103,785
	2019	5.21		164,141
	2020	5.16		675,058
Subtotal				1,959,955
Difference Between Expected and Actual Experience:	2016	5.57	25,862	
	2017	5.48	73,948	
	2018	5.63		92,896
	2019	5.21	148,085	
	2020	5.16	230,407	
Subtotal			478,302	92,896
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2017	5.00	(321,445)	
	2018	5.00	(298,120)	
	2019	5.00	72,146	
	2020	5.00	1,445,289	
Subtotal			897,870	
District Contribution Subsequent to the Measurement Date	2020	1.00	1,849,155	
			\$ 4,077,499	\$ 13,051,616

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

NOTE 9. PENSION PLANS (Cont'd).

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (3,296,185)
2022	(3,005,119)
2023	(1,717,348)
2024	(694,467)
2025	(150,198)
	\$ (8,863,317)

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	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.

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 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 Markets Equity	13.50%	8.57%
Emerging Market 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 Mitigation 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 will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 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	\$ 33,067,344	\$ 26,268,249	\$ 20,499,032

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

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

(Continued)

NOTE 9. 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, Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more 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 retirement age for their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the State'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 \$15,242,167 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$22,309,195.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$358,759,531. 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 0.545%, which was an increase of 0.003% from its proportion measured as of June 30, 2019.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>358,759,531</u>
Total		<u>\$ 358,759,531</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$22,309,195 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 deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2014	8.50	\$ 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	
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
Net Difference Between Projected and 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	
				<u>\$ 9,458,881,999</u>

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
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.

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 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 Markets Equity	13.50%	8.57%
Emerging Market 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 Mitigation 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.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$421,405,086	\$358,759,531	\$306,742,913

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$222,933 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$296,002 for the fiscal year ended June 30, 2021.

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

NOTE 9. PENSION PLANS (Cont'd)

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

Plan Description

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

The Plan became effective April 16, 1929. Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

The Plan is not subject to filing requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and members' accrued benefits are not guaranteed by the Pension Benefit Guaranty Corporation (PBGC).

Plan Membership

At June 30, 2021, pension plan membership consisted of the following:

	2021
Retirees and beneficiaries currently receiving benefits	435
Active Fund members	9
Inactive Fund members	7
Total	451
Number of participating employers (Boards)	17

Benefits Provided

The Plan provides for service retirement, special Veterans benefit, early retirement, disability retirement and deferred (vested) retirement.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute. District contributions to the Plan amounted to \$121,457 for fiscal year 2021.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2021, the District reported a liability of \$562,017 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021, the District's proportion was 2.6085%, which was a decrease of 0.0804% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$149,528. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pension from the sources noted in the below table.

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2017	5 years		\$ 19,847
2018	5 years		4,926
2019	5 years		26,003
2020	5 years		43,574
2021	5 years		184,232
Subtotal			278,582
District Contribution Subsequent to the Measurement			
Date - 2021	1 year	\$ 130,832	
		\$ 130,832	\$ 278,582

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

Fiscal Year Ending June 30,	Total
2022	\$ (78,718)
2023	(58,871)
2024	(56,407)
2025	(47,740)
2026	(36,846)
	\$ (278,582)

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2021. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Inflation Rate	2.00%
Salary Increases	3.00%
Investment Rate of Return, net of Plan investment expense, including inflation	5.00%
Cost of Living Adjustments ("COLA")	2.00%

Mortality Rates:

Active members, inactive members and healthy retirees:

110% of PubG-2010 mortality tables with MP-2018 mortality projection, in 2021.

Disabled retirees:

110% of PubNS-2010 mortality tables with MP-2018 mortality projection, in 2021.

The retirement rates were extended from 100% at age 67 and older to 20% at ages 67 through 79 and 100% at age 80 or older.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	0.50%
U.S. Domestic Equity	6.65%

* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 5.00% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2021 calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2021		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 860,351	\$ 562,017	\$ 304,070

Pension Plan Fiduciary Net Position

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

The total nonemployer OPEB liability does not include certain OPEB obligations that are provided by the local education employers. The reporting of these benefits 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs

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

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

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on	based on
	service years	service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%
	based on	based on
	service years	service years

The actuarial assumptions used in the June 30, 2019 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) and “General” (PERS), classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 as 2.21%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

(Continued)

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

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 183,674,651
Changes for Year:	
Service Cost	7,788,747
Interest Cost	6,612,864
Difference Between Expected and Actual Experience	53,580,575
Changes in Assumptions	55,104,510
Member Contributions	159,182
Gross Benefit Payments	(5,251,804)
Net Changes	117,994,074
Balance at June 30, 2020	\$ 301,668,725

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, 2020 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 363,677,219	\$ 301,668,725	\$ 253,184,055

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, 2020 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 243,517,168	\$ 301,668,725	\$ 370,914,305

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

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

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

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$15,984,384 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, 2020, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54 years		\$ 18,307,795
	2018	9.51 years		16,114,315
	2019	9.29 years	\$ 2,172,038	
	2020	9.24 years	49,140,818	
			<u>51,312,856</u>	<u>34,422,110</u>
Difference Between Expected and Actual Experience	2018	9.51 years		15,233,040
	2019	9.29 years		25,565,013
	2020	9.24 years	45,801,171	
			<u>45,801,171</u>	<u>40,798,053</u>
Changes in Proportion	N/A	N/A	<u>6,124,523</u>	
			<u>\$ 103,238,550</u>	<u>\$ 75,220,163</u>

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2021	\$ (193,255)
2022	(193,255)
2023	(193,255)
2024	(193,255)
2025	(193,255)
Total Thereafter	<u>(20,927,586)</u>
	<u>\$ (21,893,864)</u>

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

NOTE 11. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 334	\$ 369,071	\$ 295,419	\$ 488,601
2019-2020	6,426	258,672	256,426	414,615
2018-2019	8,231	199,709	227,630	405,943

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 456,227	\$ 4,945
Special Revenue Fund		236,415
Capital Projects Fund		219,812
Proprietary Funds - Food Service	4,945	
	<u>\$ 461,172</u>	<u>\$ 461,172</u>

The Special Revenue Fund interfund payable to the General Fund represents an interfund advance.

The Capital Projects Fund interfund payable to the General Fund represents an interfund advance and the balance of 2020-21 interest earnings.

During the fiscal year, the General Fund transferred \$159,738 from the Capital Reserve to the Capital Projects Fund for the local share of capital projects and \$18,585 to the Food Service Enterprise Fund for the budgeted Board Contribution and the Capital Projects Fund transferred \$991 of interest earnings to the General Fund.

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

NOTE 13. DEFERRED COMPENSATION

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

Lincoln National Life Insurance Company	MetLife Investors
Valic	AXA Equitable

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. TAX CALENDAR

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

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

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

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,838,389	\$ 145,139	\$ 11,147,132	\$ 13,130,660

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$145,139 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on the GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$11,147,132 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$180,365 committed and \$7,209,422 restricted fund balances on the GAAP basis at June 30, 2021.

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2021, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	Governmental Funds		District Contribution	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Subsequent to Measurement Date		Enterprise Funds
Accrued Salaries and Wages	\$ 360,005			\$ 360,005	
Payroll Deductions and Withholdings	267,425			267,425	
Vendors	1,588,879	\$101,015		1,689,894	\$ 73,622
Due to Other Governmental Units	25,201		\$ 130,832	156,033	
Due to State of New Jersey		52,671	1,849,155	1,901,826	
	\$ 2,241,510	\$153,686	\$ 1,979,987	\$ 4,375,183	\$ 73,622

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

(Continued)

NOTE 19. TAX ABATEMENTS (Cont'd)

The Township of Montclair recognized revenue in the amount of \$4,244,291 from thirteen payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatement would have been \$5,773,445 of which \$3,094,668 would have been for the local school tax.

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. 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 November 2021 election has a proposal on the ballot to change the Montclair School District from a type I school district with an appointed Board of Education and a Board of School Estimate to a type II school district with an elected Board of Education. The proposal passed with approximately 70% of the voters responding yes to changing the Montclair School District to a Type II school district. With the change from a type I school district to a type II school district, also comes changes to the funding of capital projects for the school district. As a type I school district, the Montclair Public Schools was able to request funding from the Board of School Estimate for capital projects and if approved the Township of Montclair would issue a capital ordinance and assume the debt for such funding. With the change to a type II school district, the Montclair Public Schools will need to prepare a referendum question for the voters of Montclair to vote on during the election cycle to have capital projects approved and then the school district would assume the debt for such funding.

**SCHEDULES OF
REQUIRED SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.1834481391%	0.1874481079%	0.1825392922%	0.1669622573%	0.1659772101%
District's proportionate share of the net pension liability	\$ 34,346,509	\$ 42,078,344	\$ 54,062,903	\$ 38,866,145	\$ 32,680,085
District's covered employee payroll	\$ 12,540,380	\$ 12,661,086	\$ 11,630,446	\$ 11,582,100	\$ 11,566,050
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.89%	332.34%	464.84%	335.57%	282.55%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021			
District's proportion of the net pension liability	0.1648010734%	0.1610819237%			
District's proportionate share of the net pension liability	\$ 29,694,653	\$ 26,268,249			
District's covered employee payroll	\$ 11,542,814	\$ 11,540,242			
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	257.26%	227.62%			
Plan fiduciary net position as a percentage of the total pension liability	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.

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2020</u>	<u>2020</u>
Contractually required contribution	\$ 1,607,398	\$ 1,762,157
Contributions in relation to the contractually required contribution	<u>(1,607,398)</u>	<u>(1,762,157)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 11,540,242	\$ 11,410,819
Contributions as a percentage of covered employee payroll	13.93%	15.44%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%	0.5412744521%	0.5322463961%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891	\$ 364,946,753	\$ 338,603,725
District's covered employee payroll	\$ 52,752,552	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	527.98%	588.70%	762.33%	648.39%	585.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021			
State's proportion of the net pension liability attributable to the District	0.5417765739%	0.5448232147%			
State's proportionate share of the net pension liability attributable to the District	\$ 332,493,397	\$ 358,759,531			
District's covered employee payroll	\$ 57,138,745	\$ 59,042,411			
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	581.91%	607.63%			
Plan fiduciary net position as a percentage of the total pension liability	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.

MONTCLAIR TOWNSHIP 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
Contractually required contribution	\$ 14,987,219	\$ 19,766,822	\$ 31,325,127	\$ 25,281,663	\$ 19,739,413
Contributions in relation to the contractually required contribution	(2,769,148)	(4,243,184)	(5,875,393)	(7,838,111)	(10,655,434)
Contribution deficiency/(excess)	<u>\$ 12,218,071</u>	<u>\$ 15,523,638</u>	<u>\$ 25,449,734</u>	<u>\$ 17,443,552</u>	<u>\$ 9,083,979</u>
District's covered employee payroll	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767	\$ 57,138,745
Contributions as a percentage of covered employee payroll	5.04%	7.76%	10.44%	13.56%	18.65%
	Fiscal Year Ending June 30,				
	2020	2021			
Contractually required contribution	\$ 19,611,349	\$ 22,309,195			
Contributions in relation to the contractually required contribution	(11,950,060)	(15,242,167)			
Contribution deficiency/(excess)	<u>\$ 7,661,289</u>	<u>\$ 7,067,028</u>			
District's covered employee payroll	\$ 59,042,411	\$ 61,800,696			
Contributions as a percentage of covered employee payroll	20.24%	24.66%			

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

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

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

	Fiscal Year Ending June 30,	
	2020	2021
District's Proportion of the Net Pension Liability	2.6889163%	2.6085039%
District's Proportionate Share of the Net Pension Liability	\$ 715,652	\$ 562,017
District's Covered Employee Payroll	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	79.52%	83.63%
* - Fiduciary Net Position Excludes: Amount Designated for Insurance Benefits	\$ 25,428,196	\$ 28,878,520

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

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 97,009	\$ 121,457
Contributions in Relation to the Contractually Required Contribution	<u>(97,009)</u>	<u>(121,457)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%

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

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

	Fiscal Years Ending June 30,			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 10,369,245	\$ 8,618,450	\$ 7,533,102	\$ 7,788,747
Interest Cost	7,346,466	8,534,408	7,929,403	6,612,864
Difference Between Expected and Actual Experience		(21,290,781)	(29,125,963)	53,580,575
Changes in Assumptions	(30,174,830)	(22,959,107)	2,738,604	55,104,510
Member Contributions	198,154	184,898	167,134	159,182
Gross Benefit Payments	(5,381,316)	(5,349,818)	(5,638,264)	(5,251,804)
Net Change in Total OPEB Liability	(17,642,281)	(32,261,950)	(16,395,984)	117,994,074
Total OPEB Liability - Beginning	249,974,866	232,332,585	200,070,635	183,674,651
Total OPEB Liability - Ending	<u>\$ 232,332,585</u>	<u>\$ 200,070,635</u>	<u>\$ 183,674,651</u>	<u>\$ 301,668,725</u>
District's Covered Employee Payroll *	\$ 66,319,943	\$ 67,867,268	\$ 69,370,817	\$ 68,681,159
Total OPEB Liability as a Percentage of Covered Employee Payroll	350%	295%	265%	439%

* - Covered payroll for the fiscal years ending June 30, 2020, 2019, 2018 and 2017 is based on the payroll on the June 30, 2019, 2018, 2017 and 2016 census data, respectively.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2020	2019
Discount Rate	7.00%	6.28%

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2020	2019
Discount Rate	5.40%	5.60%
Municipal Bond Rate	2.21%	3.50%

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

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate used to measure the total pension liability changed from 6.00% to 5.00%.

Salary increases changed from 4.50% to 3.00%.

Mortality rates for the fiscal year ended June 30, 2020 were based on 110% of the Public Sector General and Non-Safety Disabled Annuitant Mortality Tables (PubG-2010) projected generationally with scale MP-2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Mortality Rates for the fiscal year ended June 30, 2021 were based on the following:

Active members, inactive members and healthy retirees:

110% of PubG-2010 mortality tables with MP-2018 mortality projection, in 2021.

Disabled retirees:

110% of PubNS-2010 mortality tables with MP-2018 mortality projection, in 2021.

The retirement rates were extended from 100% at age 67 and older to 20% at ages 67 through 79 and 100% at age 80 or older.

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%..

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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 seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 120,625,307		\$ 120,625,307	\$ 120,625,307	\$ (70,107)
Tuition - From Individuals	100,000		100,000	29,893	41,787
Tuition - From Other LEA's within the State				41,787	2,913
Interest Earned on Capital Reserve	110,000		110,000	12,364	(97,636)
Rents and Royalties	475,000		475,000	349,136	(125,864)
Unrestricted Miscellaneous Revenue					
Total - Local Sources	121,310,307		121,310,307	121,061,400	(248,907)
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	5,640,860	\$ (196,737)	5,444,123	5,444,123	
Adjustment Aid	322,539		322,539	322,539	
Security Aid	755,225		755,225	755,225	
Extraordinary Aid	1,150,000		1,150,000	1,991,060	841,060
Nonpublic Transportation Aid				92,510	92,510
Securing Our Children's Future Bond Act - Alyssa's Law (School Security)		55,880	55,880	55,880	
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				4,867,540	4,867,540
Pension				15,242,167	15,242,167
Non-Contributory Insurance				290,002	290,002
Long-Term Disability Insurance				6,737	6,737
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,402,418	4,402,418
Total State Sources	9,044,013	(140,857)	8,903,156	34,645,590	25,742,434
Federal Sources:					
Medicaid Reimbursement	89,807		89,807	81,434	(8,373)
Total Federal Sources	89,807		89,807	81,434	(8,373)
TOTAL REVENUES	130,444,127	(140,857)	130,303,270	155,788,424	25,485,154

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,936,103	\$ (111,465)	\$ 1,824,638	\$ 1,824,636	\$ 2
Grades 1-5 - Salaries of Teachers	14,438,081	(341,215)	14,096,866	14,096,857	9
Grades 6-8 - Salaries of Teachers	9,751,881	43,746	9,795,627	9,795,621	6
Grades 9-12 - Salaries of Teachers	10,556,019	104,176	10,660,195	10,658,905	1,290
Regular Programs - Home Instruction:					
Salaries of Teachers	110,000		110,000	85,194	24,806
Purchased Professional-Educational Services	65,000	47,000	112,000	41,852	70,148
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,162,180	(48,959)	1,113,221	1,020,135	93,086
Purchased Professional-Educational Services	375,000	20,000	20,000	19,905	95
Other Purchased Services (400-500 Series)	1,846,524	(32,476)	342,524	302,651	39,873
General Supplies	400,537	(193,338)	1,653,186	1,456,523	196,663
Textbooks		(204,727)	195,810	161,909	33,901
Total Regular Programs - Instruction	40,641,325	(717,258)	39,924,067	39,464,188	459,879
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	846,716	(87,657)	759,059	759,058	1
General Supplies	12,000	(10,721)	1,279	1,279	
Total Learning and/or Language Disabilities	858,716	(98,378)	760,338	760,337	1
Behavioral Disabilities:					
Salaries of Teachers	484,297	(70,000)	414,297	406,638	7,659
General Supplies	5,500	(5,500)			
Total Behavioral Disabilities	489,797	(75,500)	414,297	406,638	7,659

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Multiple Disabilities:					
Salaries of Teachers	\$ 230,528		\$ 230,528	\$ 208,515	\$ 22,013
General Supplies	6,000	(6,000)			
Total Multiple Disabilities	<u>236,528</u>	<u>(6,000)</u>	<u>230,528</u>	<u>208,515</u>	<u>22,013</u>
Resource Room/Resource Center:					
Salaries of Teachers	7,899,312	232,618	8,131,930	8,123,043	8,887
General Supplies	17,200	(14,456)	2,744	2,396	348
Total Resource Room/Resource Center	<u>7,916,512</u>	<u>218,162</u>	<u>8,134,674</u>	<u>8,125,439</u>	<u>9,235</u>
Autism:					
Salaries of Teachers	492,159	49,196	541,355	541,051	304
General Supplies	10,000	(7,793)	2,207	2,105	102
Total Autism	<u>502,159</u>	<u>41,403</u>	<u>543,562</u>	<u>543,156</u>	<u>406</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	647,252	1,655	648,907	641,745	7,162
General Supplies	10,000	(4,713)	5,287	5,131	156
Total Preschool Disabilities - Full-Time	<u>657,252</u>	<u>(3,058)</u>	<u>654,194</u>	<u>646,876</u>	<u>7,318</u>
Home Instruction:					
Salaries of Teachers	100,000	7,359	107,359	107,358	1
Purchased Professional-Educational Services	75,000	22,079	97,079	97,079	
Total Home Instruction	<u>175,000</u>	<u>29,438</u>	<u>204,438</u>	<u>204,437</u>	<u>1</u>
Total Special Education Instruction	<u>10,835,964</u>	<u>106,067</u>	<u>10,942,031</u>	<u>10,895,398</u>	<u>46,633</u>

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,057,495	\$ (275,525)	\$ 781,970	\$ 728,030	\$ 53,940
General Supplies	2,000		2,000	1,488	512
Total Basic Skills/Remedial - Instruction	1,059,495	(275,525)	783,970	729,518	54,452
Bilingual Education - Instruction:					
Salaries of Teachers	162,150	97,734	259,884	256,503	3,381
General Supplies	500		500	375	125
Total Bilingual Education - Instruction	162,650	97,734	260,384	256,878	3,506
Vocational Programs - Local - Instruction:					
Salaries of Teachers	307,161		307,161	307,161	
General Supplies	17,500		17,500	3,482	14,018
Total Vocational Programs - Local - Instruction	324,661		324,661	310,643	14,018
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	310,000		310,000	271,383	38,617
Purchased Services (300-500 series)	10,000		10,000		10,000
Total School-Sponsored Cocurricular Activities - Instruction	320,000		320,000	271,383	48,617
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,031,771	(25,984)	1,005,787	993,997	11,790
Purchased Services (300-500 Series)	132,740	13,907	146,647	94,629	52,018
Supplies and Materials	183,420	20,955	204,375	140,732	63,643
Other Objects	45,470	3,700	49,170	39,921	9,249
Total School-Sponsored Cocurricular Athletics - Instruction	1,393,401	12,578	1,405,979	1,269,279	136,700

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Before/After School Programs - Instruction:					
Salaries of Teachers	\$ 30,000		\$ 30,000	\$ 8,565	\$ 21,435
Total Before/After School Programs - Instruction	30,000		30,000	8,565	21,435
Summer School - Instruction:					
Salaries of Teachers	30,000	\$ (458)	29,542	29,542	
General Supplies	3,000		3,000	3,000	
Total Summer School - Instruction	33,000	(458)	32,542	32,542	
Summer School - Support Services:					
Salaries	9,000	(9,000)			
Total Summer School - Support Services	9,000	(9,000)			
Total Summer School	42,000	(9,458)	32,542	32,542	
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	50,000	(4,998)	45,002	33,716	11,286
Other Salaries for Instruction	25,000		25,000	25,000	
Purchased Professional and Technical Services	45,000	4,000	49,000	24,000	25,000
General Supplies	5,000	(2,750)	2,250	2,250	
Total Other Supplemental/At-Risk Programs - Instruction	125,000	(3,748)	121,252	84,966	36,286

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	\$ 17,000	\$ (840)	\$ 16,160	\$ 5,000	\$ 11,160
Total Other Supplemental/At-Risk Programs - Support	17,000	(840)	16,160	5,000	11,160
Total Other Supplemental/At-Risk Programs	142,000	(4,588)	137,412	89,966	47,446
Other Instructional Programs - Instruction:					
Salaries	5,000		5,000	2,614	2,386
Purchased Services (300-500 series)	31,200	(10,175)	21,025	12,225	8,800
Supplies and Materials	32,650	(21,313)	11,337	4,514	6,823
Total Other Instructional Programs - Instruction	68,850	(31,488)	37,362	19,353	18,009
Community Service Programs/Operations:					
Salaries	30,000		30,000	8,389	21,611
Total Community Service Programs/Operations	30,000		30,000	8,389	21,611
Total Instruction	55,050,346	(821,938)	54,228,408	53,356,102	872,306
Undistributed Expenditures:					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	28,000	38	28,038	28,038	
Tuition to Other LEAs Within the State - Special	167,700	(26,850)	140,850	137,906	2,944
Tuition to County Vocational School Districts - Regular	55,000	(35,303)	19,697	19,696	1
Tuition to County Vocational School Districts - Special	27,500	12,426	39,926	39,926	
Tuition to CSSD and Regional Day Schools	80,000	(57,699)	22,301	22,301	
Tuition to Private Schools for the Disabled - Within State	5,208,634	327,180	5,535,814	5,535,813	1
Tuition to Private Schools for the Disabled - Out of State	170,500	(60,004)	110,496	110,495	1
Tuition - Other		237,647	237,647	237,647	
Total Undistributed Expenditures - Instruction (Tuition)	5,737,334	397,435	6,134,769	6,131,822	2,947

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 146,268	\$ (11,156)	\$ 135,112	\$ 134,112	\$ 1,000
Purchased Professional and Technical Services	140,000	(922)	139,078	139,078	
Other Purchased Services (400-500 Series)	22,000	3,703	25,703	24,244	1,459
Supplies and Materials	2,000	(1,429)	571	571	
Other Objects	4,000		4,000	1,812	2,188
Total Attendance and Social Work	314,268	(9,804)	304,464	299,246	5,218
Health Services:					
Salaries	1,638,605	(37,260)	1,601,345	1,601,343	2
Purchased Professional and Technical Services	170,550	151,731	322,281	207,131	115,150
Supplies and Materials	93,000	(17,745)	75,255	36,548	38,707
Total Health Services	1,902,155	96,726	1,998,881	1,845,022	153,859
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,578,624	60,203	2,638,827	2,635,206	3,621
Purchased Professional - Educational Services	116,935	86,262	203,197	189,541	13,656
Supplies and Materials	40,000	(16,883)	23,117	23,115	2
Total Other Support Services - Speech, OT, PT & Related Services	2,735,559	129,582	2,865,141	2,847,862	17,279
Other Support Services - Students - Extraordinary Services:					
Salaries	7,962,096	(746,649)	7,215,447	7,212,087	3,360
Purchased Professional - Educational Services	1,015,542	300,757	1,316,299	1,303,224	13,075
Supplies and Materials	20,000	(12,000)	8,000	5,848	2,152
Total Other Support Services - Students - Extraordinary Services	8,997,638	(457,892)	8,539,746	8,521,159	18,587

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,168,567	\$ (126,063)	\$ 2,042,504	\$ 2,042,503	\$ 1
Salaries of Secretarial and Clerical Assistants	68,982		68,982	68,982	
Purchased Professional and Technical Services	9,500		9,500	7,708	1,792
Supplies and Materials	98,421	(16,408)	82,013	64,269	17,744
Total Other Support Services - Students - Guidance	2,345,470	(142,471)	2,202,999	2,183,462	19,537
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	3,938,143	30,423	3,968,566	3,929,940	38,626
Salaries of Secretarial and Clerical Assistants	191,412	5,197	196,609	196,609	
Purchased Professional - Educational Services	475,000	251,304	726,304	726,304	
Other Purchased Services (400-500 Series)	15,000	(13,799)	1,201	670	531
Supplies and Materials	60,000	(6,585)	53,415	49,477	3,938
Total Other Support Services - Students - Child Study Team	4,679,555	266,540	4,946,095	4,903,000	43,095
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,208,011	(3,225)	1,204,786	1,204,785	1
Salaries of Other Professional Staff	719,243	(102,254)	616,989	570,695	46,294
Salaries of Secretarial and Clerical Assistants	211,248	(63,198)	148,050	148,050	
Purchased Professional - Educational Services	39,000	(8,152)	30,848	21,092	9,756
Other Purchased Services (400-500 Series)	30,000	(29,695)	305	304	1
Supplies and Materials	50,000		50,000	41,409	8,591
Total Improvement of Instruction Services	2,257,502	(206,524)	2,050,978	1,986,335	64,643

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 473,727	\$ (99,573)	\$ 374,154	\$ 374,153	\$ 1
Purchased Professional and Technical Services Supplies and Materials	30,000 32,200	(6,680)	23,320 32,200	23,320 19,966	12,234
Total Educational Media Services/School Library	535,927	(106,253)	429,674	417,439	12,235
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	213,574	(9,622)	203,952	200,516	3,436
Salaries of Other Professional Staff	10,000	(10,000)			
Salaries of Secretarial and Clerical Assistants	150,966	51,160	202,126	202,126	
Purchased Professional - Educational Services	109,000	(97,825)	11,175	10,675	500
Other Purchased Services (400-500 Series)	6,600	(2,000)	4,600		4,600
Supplies and Materials	2,000		2,000	964	1,036
Total Instructional Staff Training Services	492,140	(68,287)	423,853	414,281	9,572
Support Services - General Administration:					
Salaries	643,047	(45,385)	597,662	597,661	1
Legal Services	450,000	60,435	510,435	510,425	10
Architectural/Engineering Services	28,500	234,880	263,380	179,055	84,325
Other Purchased Professional Services	112,999	85,030	198,029	169,279	28,750
Communications/Telephone	244,000	(34,991)	209,009	209,003	6
BOE Other Purchased Services	15,000	(10,443)	4,557	2,108	2,449
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	7,800	(2,238)	5,562	4,800	762
General Supplies	51,500	(27,293)	24,207	14,609	9,598
Judgments Against the School District	837,500	(101,219)	736,281	736,280	1
Miscellaneous Expenditures	43,000	(11,255)	31,745	27,315	4,430
BOE Membership Dues and Fees	13,800		13,800	8,500	5,300
Total Support Services - General Administration	2,447,146	147,521	2,594,667	2,459,035	135,632

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 2,800,045	\$ 242,721	\$ 3,042,766	\$ 3,000,541	\$ 42,225
Salaries of Other Professional Staff	220,000	(70,201)	149,799	146,255	3,544
Salaries of Secretarial and Clerical Assistants	1,693,722	(50,849)	1,642,873	1,638,992	3,881
Unused Vacation Payment to Terminated/Retired Staff	26,460	25,331	25,331	25,331	
Purchased Professional and Technical Services	3,000	4,892	31,352	31,351	1
Other Purchased Services (400-500 Series)	16,751	(1,200)	1,800	1,200	600
Supplies and Materials		4,200	20,951	17,459	3,492
Total Support Services - School Administration	4,759,978	154,894	4,914,872	4,861,129	53,743
Support Services - Central Services:					
Salaries	1,225,325	29,757	1,255,082	1,255,080	2
Unused Vacation Payment to Terminated/Retired Staff		16,567	16,567	16,567	
Other Purchased Professional Services	40,000	19,600	19,600	8,743	10,857
Miscellaneous Purchased Services (400-500 Series, Other than 594)	94,940	2,392	42,392	24,250	18,142
Supplies and Materials		(23,544)	71,396	54,536	16,860
Total Support Services - Central Services	1,360,265	44,772	1,405,037	1,359,176	45,861
Support Services - Administration Information Technology:					
Salaries	581,488	12,696	594,184	579,729	14,455
Unused Vacation Payment to Terminated/Retired Staff	242,194	11,306	11,306	11,306	
Purchased Technical Services		(63,136)	179,058	171,778	7,280
Other Purchased Services (400-500 series)	79,500	2,000	2,000	897	1,103
Supplies and Materials		(5,000)	74,500	70,814	3,686
Total Support Services - Administration Information Technology	903,182	(42,134)	861,048	834,524	26,524
Required Maintenance of School Facilities:					
Salaries	367,670	3,457	371,127	371,126	1
Cleaning, Repair and Maintenance Services	1,050,893	1,080,780	2,131,673	1,772,376	359,297
General Supplies	120,500	424,015	544,515	221,090	323,425
Total Required Maintenance of School Facilities	1,539,063	1,508,252	3,047,315	2,364,592	682,723

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 3,204,150	\$ 43,522	\$ 3,247,672	\$ 3,066,512	\$ 181,160
Unused Vacation Payment to Terminated/Retired Staff		9,775	9,775	9,775	
Purchased Professional and Technical Services	145,000	(110,666)	34,334	32,187	2,147
Cleaning, Repair and Maintenance Services	998,924	(21,761)	977,163	924,692	52,471
Rental of Land and Buildings Other Than Lease Purchase Agreements	30,000		30,000	24,585	5,415
Other Purchased Property Services	296,967	1,163	298,130	276,078	22,052
Insurance	824,550	104,435	928,985	907,559	21,426
General Supplies	335,117	(9,084)	326,033	266,513	59,520
Energy (Natural Gas)	290,300	81,981	372,281	372,280	1
Energy (Electricity)	596,405	189,206	785,611	785,610	1
Energy (Oil)	500		500		500
Energy (Gasoline)	58,000	(40,630)	17,370	17,370	
Total Custodial Services	6,779,913	247,941	7,027,854	6,683,161	344,693
Care and Upkeep of Grounds:					
Salaries	133,313		133,313	126,033	7,280
Cleaning, Repair and Maintenance Services	132,750	(58,528)	74,222	46,063	28,159
General Supplies	35,000	(9,596)	25,404	21,969	3,435
Total Care and Upkeep of Grounds	301,063	(68,124)	232,939	194,065	38,874
Security:					
Salaries	953,278	(909)	952,369	952,368	1
Purchased Professional and Technical Services	20,000	(166)	19,834	16,172	3,662
General Supplies	15,000		15,000	6,168	8,832
Total Security	988,278	(1,075)	987,203	974,708	12,495

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation - Between Home & School - Regular	\$ 71,304	\$ (899)	\$ 70,405	\$ 70,404	\$ 1
Salaries for Pupil Transportation - Between Home & School - Special	71,304	(899)	70,405	70,404	1
Salaries for Pupil Transportation - Other Than Between Home & School	145,623	(26,371)	119,252	119,251	1
Management Fee - ESC & CTSA Transportation Programs	317,500	(100,000)	217,500	139,461	78,039
Other Purchased Professional and Technical Services	15,000	(3,628)	11,372	3,750	7,622
Cleaning, Repair and Maintenance Services	15,000		15,000	13,097	1,903
Lease Purchase Payments - School Buses	47,000		47,000	45,931	1,069
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	300,000	(39,585)	260,415	221,445	38,970
Other than Between Home and School - Vendors	282,000	(92,515)	189,485	123,298	66,187
Regular Students - ESCs & CTSA	2,268,572	(164,866)	2,103,706	1,572,829	530,877
Special Education Students - ESCs & CTSA	3,578,210	(1,341,182)	2,237,028	1,175,971	1,061,057
General Supplies	3,000		3,000	151	2,849
Total Student Transportation Services	7,114,513	(1,769,945)	5,344,568	3,555,992	1,788,576
Unallocated Benefits:					
Social Security Contributions	2,100,000		2,100,000	1,731,419	368,581
Other Retirement Contributions - PERS	1,800,000	(37,843)	1,762,157	1,762,157	
Other Retirement Contributions - Regular	321,457	35,000	356,457	344,390	12,067
Workmen's Compensation	491,000	500	491,500	335,396	156,104
Health Benefits	16,678,162	427,461	17,105,623	16,279,622	826,001
Tuition Reimbursement	193,000		193,000	181,731	11,269
Other Employee Benefits	160,000	121,699	281,699	207,713	73,986
Total Unallocated Benefits	21,743,619	546,817	22,290,436	20,842,428	1,448,008

MONTCLAIR TOWNSHIP 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
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 4,867,540	\$ (4,867,540)
Pension				15,242,167	(15,242,167)
Non-Contributory Insurance				290,002	(290,002)
Long-Term Disability Insurance				6,737	(6,737)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,402,418	(4,402,418)
Total On-Behalf and Reimbursed Contributions				24,808,864	(24,808,864)
Total Personal Services - Employee Benefits	\$ 21,743,619	\$ 546,817	\$ 22,290,436	45,651,292	(23,360,856)
Total Undistributed Expenses	77,934,568	667,971	78,602,539	98,487,302	(19,884,763)
TOTAL CURRENT EXPENSE	132,984,914	(153,967)	132,830,947	151,843,404	(19,012,457)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	36,996	19,799	56,795	56,794	1
Grades 6-8	2,852	76,363	79,215	77,439	1,776
Grades 9-12	2,249	3,700	2,249	3,700	2,249
Athletics					
Undistributed Expenditures:					
Instruction		2,170	2,170	2,169	1
General Administration		7,751	7,751	7,751	
Custodial Services		44,184	44,184	44,184	
Total Equipment	42,097	153,967	196,064	192,037	4,027
Facilities Acquisition and Construction Services:					
Purchased Professional and Technical Services		55,880	55,880	55,880	
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	85,938	55,880	141,818	141,818	
TOTAL CAPITAL OUTLAY	128,035	209,847	337,882	333,855	4,027

MONTCLAIR TOWNSHIP 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
Transfer of Funds to Charter Schools	\$ 19,165		\$ 19,165	\$ 19,165	
TOTAL EXPENDITURES	133,132,114	\$ 55,880	133,187,994	152,196,424	\$ (19,008,430)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,687,987)</u>	<u>(196,737)</u>	<u>(2,884,724)</u>	<u>3,592,000</u>	<u>6,476,724</u>
Other Financing Sources/(Uses):					
Transfers In/(Out):					
Capital Projects Fund - Interest				991	991
Capital Reserve Transferred to Capital Projects Fund	(118,119)	(159,738)	(159,738)	(159,738)	
Food Service Enterprise Fund - Board Contribution			(118,119)	(18,585)	99,534
Total Other Financing Sources/(Uses)	<u>(118,119)</u>	<u>(159,738)</u>	<u>(277,857)</u>	<u>(177,332)</u>	<u>100,525</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(2,806,106)</u>	<u>(356,475)</u>	<u>(3,162,581)</u>	<u>3,414,668</u>	<u>6,577,249</u>
Fund Balance, July 1 (Restated)	9,792,646		9,792,646	9,792,646	
Fund Balance, June 30	<u>\$ 6,986,540</u>	<u>\$ (356,475)</u>	<u>\$ 6,630,065</u>	<u>\$ 13,207,314</u>	<u>\$ 6,577,249</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus 2021-22				\$ 1,001,058	
Capital Reserve				1,298,525	
Maintenance Reserve				884,278	
Unemployment Compensation				488,601	
Workers Compensation				162,059	
Assigned:					
Year-End Encumbrances				1,838,389	
Designated for Subsequent Year's Expenditures				1,498,942	
Unassigned Fund Balance				6,035,462	
				<u>13,207,314</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis			(759,927)		
Fund Balance per Governmental Funds (GAAP)			<u>\$ 12,447,387</u>		

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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	\$ 644,440	\$ (130,440)	\$ 514,000	\$ 452,358	\$ (61,642)
State Sources	848,112	102,121	950,233	763,372	(186,861)
Federal Sources	2,438,943	2,271,001	4,709,944	3,285,968	(1,423,976)
Total Revenues	3,931,495	2,242,682	6,174,177	4,501,698	(1,672,479)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	487,000	254,591	741,591	407,477	334,114
Other Salaries for Instruction	153,760	(11,560)	142,200	82,633	59,567
Purchased Professional and Technical Services		600	600	600	
Purchased Professional/Educational Services		24,059	24,059	23,000	1,059
Other Purchased Services		3,250	3,250	3,250	
Tuition	829,318	262,909	1,092,227	1,040,138	52,089
General Supplies	149,827	432,736	582,563	377,872	204,691
Textbooks	91,137	19,874	111,011	95,691	15,320
Total Instruction	1,711,042	986,459	2,697,501	2,031,051	666,450
Support Services:					
Other Salaries	192,505	206,577	399,082	215,286	183,796
Personal Services - Employee Benefits	104,121	82,755	186,876	125,368	61,508
Purchased Professional and Technical Services	255,653	285,304	540,957	284,790	256,167
Purchased Professional/Educational Services	600,652	173,227	773,879	401,930	371,949
Other Purchased Services	93,511	31,510	125,021	81,143	43,878
Supplies and Materials	605,071	400,595	1,005,666	919,585	86,081
Other Objects	32,500		32,500	3,690	28,810
Student Activities	336,440		336,440	336,440	
Total Support Services	2,220,453	1,179,968	3,400,421	2,368,232	1,032,189

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Instructional Equipment	\$ 6,817	\$ 6,817	\$ 6,817	\$ 6,292	\$ 525
Non-Instructional Equipment	67,486	67,486	67,486	67,486	
Total Facilities Acquisition and Construction Services	74,303	74,303	74,303	73,778	525
Total Expenditures	\$ 3,931,495	2,240,730	6,172,225	4,473,061	1,699,164
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ (1,952)	\$ (1,952)	\$ (28,637)	\$ 26,685

MONTCLAIR 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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 155,788,424	\$ 4,501,698
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(145,139)
Prior Year Encumbrances		440,563
Prior Year Encumbrances Canceled		(36,480)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	743,247	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(759,927)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 155,771,744	\$ 4,760,642
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 152,196,424	\$ 4,473,061
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(145,139)
Prior Year Encumbrances		440,563
Prior Year Encumbrances Canceled		(36,480)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 152,196,424	\$ 4,732,005

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

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act		COVID-19	
	2020-21	2019-20	I.D.E.A. Basic	I.D.E.A. Preschool
REVENUE:				
Local Sources				
State Sources				
Federal Sources				
Total Revenue	\$ 5,051	\$ 2,391	\$ 1,613,901	\$ 583,823
	5,051	2,391	1,613,901	583,823
EXPENDITURES:				
Instruction:				
Salaries of Teachers	4,692		164,819	24,939
Other Salaries for Instruction			53,703	20,214
Purchased Professional and Technical Services				
Purchased Professional/Educational Services				
Other Purchased Services				
Tuition			1,040,138	
General Supplies			51,070	6,405
Textbooks				
Other Objects				
Total Instruction	4,692		1,309,730	51,558
Support Services:				
Other Salaries			77,321	13,780
Personal Services - Employee Benefits	359		22,632	4,508
Purchased Professional and Technical Services		2,200		
Purchased Professional/Educational Services			202,013	
Other Purchased Services				
Supplies and Materials		191		
Other Objects			2,205	
Student Activities				
Total Support Services	359	2,391	304,171	20,121
Total Support Services	359	2,391	304,171	20,121
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Non-Instructional Equipment			3,454	
Total Facilities Acquisition and Construction Services			3,454	61,197
Total Expenditures	\$ 5,051	\$ 2,391	\$ 1,613,901	\$ 583,823

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

	COVID-19 Coronavirus Relief Fund	Nonpublic Auxiliary (Ch. 192) Compensatory Education	Home Instruction	Supplementary Instruction	Nonpublic Handicapped (Ch. 193) Examination & Classification	Corrective Speech
REVENUE:						
Local Sources						
State Sources	\$ 351,875	\$ 70,543	\$ 2,772	\$ 46,541	\$ 69,671	\$ 10,390
Federal Sources	351,875	70,543	2,772	46,541	69,671	10,390
Total Revenue						
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Purchased Professional/Educational Services						
Other Purchased Services						
Tuition						
General Supplies	78,314					
Textbooks						
Other Objects						
Total Instruction	78,314					
Support Services:						
Other Salaries						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Professional/Educational Services		70,543	2,772	46,541	69,671	10,390
Other Purchased Services						
Supplies and Materials	267,272					
Other Objects						
Student Activities						
Total Support Services	267,272	70,543	2,772	46,541	69,671	10,390
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment	6,289					
Total Facilities Acquisition and Construction Services	6,289					
Total Expenditures	\$ 351,875	\$ 70,543	\$ 2,772	\$ 46,541	\$ 69,671	\$ 10,390

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

	Textbook	Nonpublic Nursing	Security	Student Activities	Local Grants	Total
REVENUE:						
Local Sources				\$ 365,077	\$ 87,281	\$ 452,358
State Sources	\$ 95,691	\$ 185,334	\$ 282,430			763,372
Federal Sources						3,285,968
Total Revenue	<u>95,691</u>	<u>185,334</u>	<u>282,430</u>	<u>365,077</u>	<u>87,281</u>	<u>4,501,698</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						407,477
Other Salaries for Instruction						82,633
Purchased Professional and Technical Services					600	600
Purchased Professional/Educational Services					23,000	23,000
Other Purchased Services						3,250
Tuition						1,040,138
General Supplies					55,614	377,872
Textbooks	95,691					95,691
Other Objects					390	390
Total Instruction	<u>95,691</u>				<u>79,604</u>	<u>2,031,051</u>
Support Services:						
Other Salaries					666	215,286
Personal Services - Employee Benefits						125,368
Purchased Professional and Technical Services		185,334				284,790
Purchased Professional/Educational Services						401,930
Other Purchased Services						81,143
Supplies and Materials			282,430		4,173	919,585
Other Objects						3,690
Student Activities				336,440		336,440
Total Support Services		<u>185,334</u>	<u>282,430</u>	<u>336,440</u>	<u>4,839</u>	<u>2,368,232</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment					2,838	6,292
Non-Instructional Equipment						67,486
Total Facilities Acquisition and Construction Services					<u>2,838</u>	<u>73,778</u>
Total Expenditures	<u>\$ 95,691</u>	<u>\$ 185,334</u>	<u>\$ 282,430</u>	<u>\$ 336,440</u>	<u>\$ 87,281</u>	<u>\$ 4,473,061</u>

CAPITAL PROJECTS FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue and Other Financing Sources:	
Due from Township of Montclair-Bond Ordinances Proceeds	\$ 4,762,912
ESIP Lease Proceeds	10,720,000
Transfer from Capital Reserve	159,738
Interest Earned	991
Total Revenue and Other Financing Sources	<u>15,643,641</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	858,007
Facilities Acquisition and Construction Services	3,423,053
Transfers Out:	
General Fund - Interest	991
Total Expenditures and Other Financing Uses	<u>4,282,051</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	11,361,590
Fund Balance - Beginning Balance	<u>2,594,976</u>
Fund Balance - Ending Balance	<u>\$ 13,956,566</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 3,538,419
Committed Fund Balance	2,218,153
Total Committed Fund Balance	<u>5,756,572</u>
Restricted Fund Balance:	
Year-End Encumbrances	7,608,713
Restricted Fund Balance	591,281
Total Restricted Fund Balance	<u>8,199,994</u>
	13,956,566
Reconciliation to Governmental Funds Statements (GAAP):	
Township and SDA Receivables not Recognized on the GAAP Basis	<u>(6,566,779)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 7,389,787</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2020-019
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds		\$ 4,425,850	\$ 4,425,850	\$ 4,425,850
Total Revenues and Other Financing Sources		4,425,850	4,425,850	4,425,850
Expenditures:				
Purchased Professional and Technical Services		160,370	160,370	196,670
Construction Services		345,769	345,769	4,229,180
Total Expenditures		506,139	506,139	4,425,850
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 3,919,711	\$ 3,919,711	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
REPLACEMENT OF STAIRS AT BUZZ ALDRIN MIDDLE SCHOOL - TOWNSHIP ORDINANCE #2020-013
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds		\$ 248,088	\$ 248,088	\$ 248,088
Total Revenues and Other Financing Sources		248,088	248,088	248,088
Expenditures:				
Purchased Professional and Technical Services		19,000	19,000	19,000
Construction Services		229,088	229,088	229,088
Total Expenditures		248,088	248,088	248,088
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2020-012
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds		\$ 130,600	\$ 130,600	\$ 130,600
Total Revenues and Other Financing Sources		130,600	130,600	130,600
Expenditures:				
Purchased Professional and Technical Services		7,200	7,200	7,200
Construction Services		123,400	123,400	123,400
Total Expenditures		130,600	130,600	130,600
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCES #2019-002
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 3,020,588	\$ (28,711)	\$ 2,991,877	\$ 2,991,877
Transfer from Capital Reserve		159,738	159,738	159,738
Total Revenues and Other Financing Sources	<u>3,020,588</u>	<u>131,027</u>	<u>3,151,615</u>	<u>3,151,615</u>
Expenditures:				
Purchased Professional and Technical Services	284,259	41,425	325,684	345,759
Construction Services	<u>745,549</u>	<u>243,521</u>	<u>989,070</u>	<u>2,805,856</u>
Total Expenditures	<u>1,029,808</u>	<u>284,946</u>	<u>1,314,754</u>	<u>3,151,615</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,990,780</u>	<u>\$ (153,919)</u>	<u>\$ 1,836,861</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2018-017
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 3,242,755	\$ (12,915)	\$ 3,229,840	\$ 3,229,840
Transfer from Capital Reserve	358,816		358,816	358,816
Total Revenues and Other Financing Sources	<u>3,601,571</u>	<u>(12,915)</u>	<u>3,588,656</u>	<u>3,588,656</u>
Expenditures:				
Purchased Professional and Technical Services	278,695		278,695	278,695
Construction Services	<u>3,309,961</u>		<u>3,309,961</u>	<u>3,309,961</u>
Total Expenditures	<u>3,588,656</u>		<u>3,588,656</u>	<u>3,588,656</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 12,915</u>	<u>\$ (12,915)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT-WIDE ENERGY SAVINGS IMPROVEMENT PROGRAM (ESIP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
ESIP Lease Proceeds		\$ 10,720,000	\$ 10,720,000	\$ 10,720,000
Total Revenues and Other Financing Sources	\$ -0-	10,720,000	10,720,000	10,720,000
Expenditures:				
Purchased Professional and Technical Services		630,012	630,012	794,899
Construction Services		2,481,275	2,481,275	9,925,101
Total Expenditures		3,111,287	3,111,287	10,720,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 7,608,713	\$ 7,608,713	\$ -0-

Additional Project Information:

Project Number:	Various
Lease Authorization Date:	12/20/2020
Lease Authorized:	\$ 10,720,000
Lease Issued:	\$ 10,720,000
Original Authorized Cost:	<u>\$ 10,720,000</u>
Revised Authorized Cost:	<u>\$ 10,720,000</u>
Percentage Completion:	29.02%
Original Target Completion Date:	6/30/24
Revised Target Completion Date:	6/30/24

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

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

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

PROPRIETARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Major Fund</u>	<u>Non-Major Funds</u>			<u>Total Enterprise Funds</u>
	<u>Food Service Program</u>	<u>Summer Program</u>	<u>Provisional Teacher</u>	<u>Total</u>	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 170,491	\$ 223,428	\$ 47,670	\$ 271,098	\$ 441,589
Intergovernmental Receivable:					
State	4,240				4,240
Federal	68,031				68,031
Accounts Receivable:					
Other	104				104
Student - (less allowance of \$74,930)	15,000				15,000
Interfund Receivable	4,945				4,945
Inventories	21,761				21,761
Total Current Assets	284,572	223,428	47,670	271,098	555,670
Non-Current Assets:					
Capital Assets	565,560				565,560
Less: Accumulated Depreciation	(433,868)				(433,868)
Total Non-Current Assets	131,692				131,692
Total Assets	416,264	223,428	47,670	271,098	687,362
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	5,123				5,123
Prepaid Meals	80,364				80,364
Prepaid Summer Program		123,352		123,352	123,352
Accounts Payable	73,622				73,622
Total Liabilities	159,109	123,352		123,352	282,461
<u>NET POSITION:</u>					
Investment in Capital Assets	131,692				131,692
Unrestricted	125,463	100,076	47,670	147,746	273,209
Total Net Position	\$ 257,155	\$ 100,076	\$ 47,670	\$ 147,746	\$ 404,901

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 10,311				\$ 10,311
Non-Reimbursable Programs	7,564				7,564
Total Daily Sales	17,875				17,875
Special Functions	5,175				5,175
Program Fees		\$ 16,800		\$ 16,800	16,800
Mentor Fees			\$ 59,550	59,550	59,550
Total Operating Revenue	23,050	16,800	59,550	76,350	99,400
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	231,654				231,654
Non-Reimbursable Programs	2,346				2,346
Total Cost of Sales	234,000				234,000
Salaries, Benefits & Payroll Taxes	174,790	5,490	27,000	32,490	207,280
Administrative Expenses	56,960	11,370	2,500	13,870	70,830
Supplies and Materials	36,440				36,440
Management Fee	35,665				35,665
Depreciation	31,144				31,144
Total Operating Expenses	568,999	16,860	29,500	46,360	615,359
Operating Income/(Loss)	(545,949)	(60)	30,050	29,990	(515,959)
Non-Operating Revenue:					
Local Sources:					
Interest Income	135				135
State Sources:					
COVID-19 Seamless Summer Option	15,108				15,108
Supplemental	1,151				1,151
Federal Sources:					
COVID-19 Seamless Summer Option	550,588				550,588
Food Distribution Program	51,721				51,721
Total Non-Operating Revenue	618,703				618,703
Change in Net Position Before Transfer	72,754	(60)	30,050	29,990	102,744
Transfer In - General Fund	18,585				18,585
Change in Net Position After Transfer	91,339	(60)	30,050	29,990	121,329
Net Position - Beginning of Year	165,816	100,136	17,620	117,756	283,572
Net Position - End of Year	\$ 257,155	\$ 100,076	\$ 47,670	\$ 147,746	\$ 404,901

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Fund	Non-Major Funds		Total
	Food Service Program	Summer Program	Provisional Teacher	Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 605	\$ 125,252	\$ 61,450	\$ 187,307
Receipts from Special Functions	230			230
Payments to Employees		(5,490)	(27,000)	(32,490)
Payments to Food Service Management Contractor	(427,568)			(427,568)
Payments to Suppliers	(18,585)	(1,300)	(2,500)	(22,385)
Other Payments		(11,370)		(11,370)
Net Cash Provided by/(Used for) Operating Activities	<u>(445,318)</u>	<u>107,092</u>	<u>31,950</u>	<u>(306,276)</u>
Cash Flows from Investing Activities:				
Local Sources - Interest Income	135			135
Net Cash Provided by Investing Activities	<u>135</u>			<u>135</u>
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	547,098			547,098
Cash Received from Transfers - General Fund:				
Prior Year Interfund Returned	8,120			8,120
Board Contribution	18,585			18,585
Net Cash Provided by Noncapital Financing Activities	<u>573,803</u>			<u>573,803</u>
Net Increase in Cash and Cash Equivalents	128,620	107,092	31,950	267,662
Cash and Cash Equivalents, July 1	41,871	116,336	15,720	173,927
Cash and Cash Equivalents, June 30	<u>\$ 170,491</u>	<u>\$ 223,428</u>	<u>\$ 47,670</u>	<u>\$ 441,589</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Enterprise</u>
	<u>Food Service</u>	<u>Provisional</u>	<u>Fund</u>
	<u>Program</u>	<u>Teacher</u>	<u>Totals</u>
	<u>Summer</u>	<u>Total</u>	
	<u>Program</u>		
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (545,949)	\$ 30,050	\$ (515,959)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	51,721		51,721
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(104)	1,900	1,796
(Increase) in Interfund Receivable	(4,945)		(4,945)
Decrease in Inventory	9,661		9,661
Increase/(Decrease) in Unearned Revenue:			
Food Distribution Program	(5,260)		(5,260)
Prepaid Meals/Summer Program	(17,166)	108,452	91,286
Increase/(Decrease) in Accounts Payable	35,580	(1,300)	34,280
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (445,318)</u>	<u>\$ 31,950</u>	<u>\$ (306,276)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$46,461 and utilized \$51,721 for the fiscal year ended June 30, 2021.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF ENERGY SAVINGS IMPROVEMENT PROGRAM (ESIP) LEASE

Purpose	Date of Issue	Original Issue	Maturities of Lease		Interest Rate	Issued	Balance June 30, 2021
			Date	Outstanding June 30, 2021 Amount			
ESIP	12/22/20	\$ 10,720,000	12/15/21	\$ 163,263	1.501%		
			06/15/22	166,813	1.501%		
			12/15/22	352,676	1.501%		
			06/15/23	352,675	1.501%		
			12/15/23	492,479	1.501%		
			06/15/24	492,480	1.501%		
			12/15/24	383,109	1.501%		
			06/15/25	383,110	1.501%		
			12/15/25	324,788	1.501%		
			06/15/26	324,787	1.501%		
			12/15/26	337,104	1.501%		
			06/15/27	337,104	1.501%		
			12/15/27	291,835	1.501%		
			06/15/28	291,834	1.501%		
			12/15/28	303,996	1.501%		
			06/15/29	303,997	1.501%		
			12/15/29	316,518	1.501%		
			06/15/30	316,519	1.501%		
			12/15/30	329,410	1.501%		
			06/15/31	329,410	1.501%		
			12/15/31	342,681	1.501%		
			06/15/32	342,680	1.501%		
			12/15/32	356,340	1.501%		
			06/15/33	356,341	1.501%		
			12/15/33	370,400	1.501%		
			06/15/34	370,400	1.501%		
			12/15/34	384,869	1.501%		
			06/15/35	384,869	1.501%		
			12/15/35	399,758	1.501%		
			06/15/36	399,758	1.501%		
12/15/36	417,997	1.501%					
						<u>\$ 10,720,000</u>	<u>\$ 10,720,000</u>
						<u>\$ 10,720,000</u>	<u>\$ 10,720,000</u>

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

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2020</u>	<u>Matured</u>	<u>Balance June 30, 2021</u>
School Bus	3.698645%	\$ 97,140	\$ 20,184	\$ 20,184	
School Bus and Maintenance Vehicles and Equipment	2.4363%	360,000	<u>285,000</u>	<u>68,698</u>	<u>\$ 216,302</u>
			<u>\$ 305,184</u>	<u>\$ 88,882</u>	<u>\$ 216,302</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 68,665,576	\$ 68,606,368	\$ 68,012,577	\$ 68,237,797	\$ 69,244,827
Restricted	11,718,456	11,270,241	5,435,873	2,077,874	1,848,364
Unrestricted/(Deficit)	<u>1,243,224</u>	<u>1,190,578</u>	<u>(36,052,630)</u>	<u>(35,356,656)</u>	<u>(37,474,573)</u>
Total Governmental Activities Net Position	<u>\$ 81,627,256</u>	<u>\$ 81,067,187</u>	<u>\$ 37,395,820</u>	<u>\$ 34,959,015</u>	<u>\$ 33,618,618</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 194,743	\$ 169,864	\$ 174,783	\$ 261,002	\$ 281,029
Unrestricted	<u>237,520</u>	<u>384,192</u>	<u>358,381</u>	<u>348,006</u>	<u>232,931</u>
Total Business-Type Activities Net Position	<u>\$ 432,263</u>	<u>\$ 554,056</u>	<u>\$ 533,164</u>	<u>\$ 609,008</u>	<u>\$ 513,960</u>
District-Wide:					
Net Investment in Capital Assets	\$ 68,860,319	\$ 68,776,232	\$ 68,187,360	\$ 68,498,799	\$ 69,525,856
Restricted	11,718,456	11,270,241	5,435,873	2,077,874	1,848,364
Unrestricted/(Deficit)	<u>1,480,744</u>	<u>1,574,770</u>	<u>(35,694,249)</u>	<u>(35,008,650)</u>	<u>(37,241,642)</u>
Total District Net Position	<u>\$ 82,059,519</u>	<u>\$ 81,621,243</u>	<u>\$ 37,928,984</u>	<u>\$ 35,568,023</u>	<u>\$ 34,132,578</u>

	June 30,				
	2017	2018	2019	2020 (Restated)	2021
Governmental Activities:					
Net Investment in Capital Assets	\$ 70,432,489	\$ 64,373,948	\$ 66,135,874	\$ 67,953,730	\$ 59,373,803
Restricted	932,617	3,183,026	2,938,977	4,326,268	4,238,524
Unrestricted/(Deficit)	<u>(41,390,483)</u>	<u>(39,544,086)</u>	<u>(39,840,119)</u>	<u>(39,048,062)</u>	<u>(26,100,275)</u>
Total Governmental Activities Net Position	<u>\$ 29,974,623</u>	<u>\$ 28,012,888</u>	<u>\$ 29,234,732</u>	<u>\$ 33,231,936</u>	<u>\$ 37,512,052</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 271,779	\$ 207,986	\$ 181,994	\$ 162,836	\$ 131,692
Unrestricted	<u>181,222</u>	<u>199,246</u>	<u>159,875</u>	<u>120,736</u>	<u>273,209</u>
Total Business-Type Activities Net Position	<u>\$ 453,001</u>	<u>\$ 407,232</u>	<u>\$ 341,869</u>	<u>\$ 283,572</u>	<u>\$ 404,901</u>
District-Wide:					
Net Investment in Capital Assets	\$ 70,704,268	\$ 64,581,934	\$ 66,317,868	\$ 68,116,566	\$ 59,505,495
Restricted	932,617	3,183,026	2,938,977	4,326,268	4,238,524
Unrestricted/(Deficit)	<u>(41,209,261)</u>	<u>(39,344,840)</u>	<u>(39,680,244)</u>	<u>(38,927,326)</u>	<u>(25,827,066)</u>
Total District Net Position	<u>\$ 30,427,624</u>	<u>\$ 28,420,120</u>	<u>\$ 29,576,601</u>	<u>\$ 33,515,508</u>	<u>\$ 37,916,953</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2019	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 48,878,543	\$ 50,419,530	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089	\$ 63,995,455	\$ 62,060,879	\$ 62,704,943
Special Education	13,240,517	13,673,747	14,463,175	14,035,556	15,619,647	17,774,029	17,471,766	16,803,010	16,581,273	18,013,387
Other Special Instruction	2,043,269	2,448,400	2,517,238	3,070,118	3,020,620	3,418,485	3,220,413	3,087,101	2,708,268	2,226,687
School-Sponsored Instruction	1,809,677	1,778,949	1,873,094	2,025,116	2,021,715	2,261,364	2,362,269	2,256,499	2,391,272	2,314,355
Support Services:										
Tuition	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960
Student & Instruction Related Services	19,907,216	23,111,451	24,620,537	30,765,348	33,896,334	38,160,334	37,539,210	36,128,092	36,178,811	38,470,861
School Administrative Services	5,687,924	5,797,230	6,618,614	2,358,740	2,203,262	2,505,832	2,314,025	2,395,882	2,947,055	2,943,932
General and Business Administrative Services	1,874,286	2,064,650	1,954,247	6,900,062	7,362,141	8,378,945	8,168,027	7,922,147	7,805,301	7,750,757
Central Services	1,655,412	1,645,518	1,917,572	2,050,988	2,013,448	2,258,488	2,344,001	2,134,357	2,024,091	2,552,765
Administrative Information Technology	301,037	297,595	771,619	1,011,762	1,212,581	1,232,712	1,255,705	1,366,579	1,241,864	1,349,278
Plant Operations And Maintenance	9,275,074	9,178,249	9,640,014	9,855,524	10,270,734	11,127,101	11,492,712	12,933,955	11,675,129	13,252,878
Pupil Transportation	4,327,092	4,666,981	4,615,598	4,762,678	4,850,939	5,542,086	4,920,476	7,250,517	6,657,707	3,691,149
Capital Outlay	76,167	85,938	180,752	186,752						
Special Schools	503,306	477,788	402,760	156,178	10,448	43,223	33,016	42,971	18,393	19,165
Transfer to Charter School	21,582		7,204	10,420	10,448					
Unallocated Depreciation	2,482,194	2,543,619	2,358,404	2,342,056	2,377,849	2,432,401	2,432,401	2,023,702	2,023,702	2,023,702
Total Governmental Activities Expenses	\$ 116,866,609	\$ 123,289,091	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716	\$ 168,081,344	\$ 167,845,559	\$ 165,675,799	\$ 161,329,125	\$ 164,485,819
Business-Type activities:										
Food Service	\$ 1,453,543	\$ 1,192,701	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749	\$ 1,280,854	\$ 1,513,737	\$ 1,547,031	\$ 1,226,186	\$ 568,999
Provisional Teacher	117,086	80,041	70,433	69,983	76,134	61,175	26,820	51,040	27,500	29,500
Saturday Music	19,943	20,260								
Summer Programs										
Total Business-Type Activities Expense	\$ 1,590,572	\$ 1,293,002	\$ 1,274,819	\$ 1,312,156	\$ 1,357,603	\$ 210,340	\$ 312,763	\$ 320,478	\$ 345,103	\$ 16,860
Total District Expenses	\$ 118,457,181	\$ 124,582,093	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879	\$ 167,594,348	\$ 162,927,914	\$ 165,101,178
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Tuition	\$ 64,983	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739	\$ 167,105	\$ 93,643	\$ 103,243	\$ 71,680
Student & Instruction Related Services	458,805	415,348	331,246	108,719		6,572				365,077
Special Schools										
Pupil Transportation	18,801,996	19,506,729	18,068,049	32,701,958	38,048,010	50,727,530	54,167,407	44,827,895	40,115,416	44,893,550
Operating Grants and Contributions	25,399	3,243,859	528,704	1,731,544	2,017,080	2,203,366	2,027,323	3,935,989	3,067,311	1,299,430
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	\$ 19,351,183	\$ 23,533,880	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833	\$ 52,978,207	\$ 56,361,835	\$ 48,857,527	\$ 43,285,970	\$ 46,629,737

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues:										
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 595,702	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296	\$ 739,059	\$ 838,844	\$ 581,470	\$ 23,050
Provisional Teacher	69,487	72,517	68,600	69,735	66,250	41,460	26,500	40,800	44,150	59,550
Saturday Music	16,599	13,909								
Summer Programs	590,331	642,348	520,727	583,235	547,337	179,056	310,264	310,667	319,223	16,800
Operating Grants and Contributions	1,272,119	1,192,338	1,059,786	1,256,815	1,169,987	1,287,321	1,626,177	1,735,693	1,391,338	618,568
Total Business-Type Activities Program Revenues	\$ 20,623,302	\$ 24,726,218	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012	\$ 50,593,220	\$ 44,677,308	\$ 47,347,705
Total District Program Revenues										
Net (Expense)/Revenue Governmental Activities	\$ (97,515,426)	\$ (99,755,211)	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)	\$ (116,818,272)	\$ (118,043,155)	\$ (117,856,082)
Net (Expense)/Revenue Business-Type Activities	(318,453)	(100,664)	(215,033)	(55,341)	(187,616)	(265,048)	(227,143)	(182,856)	(207,451)	102,609
Total District-Wide Net Expense	\$ (97,833,879)	\$ (99,855,875)	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)	\$ (117,001,128)	\$ (118,250,606)	\$ (117,753,473)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307
Federal and State Aid not Restricted	763,527	1,346,151	1,604,800	1,477,037	1,510,302	1,619,868	1,521,257	1,185,833	1,163,802	1,158,116
Prior Year Accounts Payable Canceled	286,554	454,293	474,576	2,177,858	938,497	581,255	672,760	1,009,936	1,972,974	365,404
Miscellaneous Income	(394,567)	(115,000)	(166,215)	(100,830)	(92,321)	(203,668)	(224,425)	(116,397)	(127,038)	(18,585)
Transfers	98,165,212	99,195,142	99,422,859	105,144,891	108,060,486	111,919,053	114,606,140	118,020,651	121,269,843	122,130,242
Total Governmental Activities										
Business-Type Activities:										
Investment Earnings	227	242	187	190	247	421	1,042	1,096	720	135
Miscellaneous				105,165						
Allowance for Doubtful Accounts				(75,000)						
Prior Year Accounts Payable Canceled		107,215	895							
Other Items										
Transfers	394,567	115,000	166,215	100,830	92,321	203,668	13,947	116,397	21,396	18,585
Total Business-Type Activities	394,794	222,457	167,297	131,185	92,568	204,089	224,425	117,493	127,038	18,720
Total District-Wide	\$ 98,560,006	\$ 99,417,599	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554	\$ 118,138,144	\$ 121,418,997	\$ 122,148,962
Change in Net Position:										
Governmental Activities	\$ 649,786	\$ (560,069)	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416	\$ 1,202,379	\$ 3,226,688	\$ 4,274,160
Business-Type Activities	76,341	121,793	(47,736)	75,844	(95,048)	(60,959)	12,271	(65,363)	(58,297)	121,329
Total District	\$ 726,127	\$ (438,276)	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687	\$ 1,137,016	\$ 3,168,391	\$ 4,395,489

Source: School District Financial Reports

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									(Restated)	
General Fund:										
Restricted	\$ 10,004,894	\$ 9,068,839	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090	\$ 1,277,073	\$ 3,183,026	\$ 2,938,977	\$ 3,956,858	\$ 3,834,521
Assigned	1,093,339	1,587,304	2,843,119	724,878	989,770	492,636	2,249,784	877,110	2,245,120	3,337,331
Unassigned	2,289,349	1,572,302	136,498	1,766,252	1,674,878	1,633,232	2,720,300	2,974,080	2,847,421	5,275,535
Total General Fund	\$ 13,387,582	\$ 12,228,445	\$ 8,367,887	\$ 4,512,201	\$ 4,677,738	\$ 3,402,941	\$ 8,153,110	\$ 6,790,167	\$ 9,049,399	\$ 12,447,387
All Other Governmental Funds:										
Restricted	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,108,168	\$ (188,987)	\$ (372,589)			\$ 375,366	\$ 7,613,425
Committed				56,803	24,261	28,133			20,628	180,365
Unassigned/(Deficit)							\$ (378,664)	\$ (399,291)	(399,291)	
Total All Other Governmental Funds	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,164,971	\$ (164,726)	\$ (344,456)	\$ (378,664)	\$ 628,791	\$ (3,297)	\$ 7,793,790
Total All Funds	\$ 15,101,144	\$ 14,429,847	\$ 8,415,490	\$ 5,677,172	\$ 4,513,012	\$ 3,058,485	\$ 7,774,446	\$ 7,418,958	\$ 9,046,102	\$ 20,241,177

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307
Miscellaneous	1,071,246	4,373,995	1,590,795	4,582,287	3,262,815	1,036,493	1,118,230	1,228,492	2,311,923	889,442
State Sources	16,138,462	18,668,742	17,469,858	18,968,267	21,031,329	23,756,709	26,275,848	29,778,109	30,698,193	35,560,876
Federal Sources	3,191,557	2,291,588	3,114,493	2,587,313	2,737,851	2,747,845	2,349,697	2,658,073	2,354,949	3,457,752
Total Revenue	117,910,963	122,844,023	119,684,844	127,627,953	132,736,003	137,462,645	142,380,323	149,605,953	153,625,170	160,533,377
Expenditures:										
Instruction:										
Regular Instruction	36,968,473	37,940,996	37,230,553	39,336,934	37,622,800	38,597,011	39,240,747	39,686,743	40,461,073	39,955,377
Special Education Instruction	10,230,542	10,449,884	11,265,160	9,531,955	10,158,894	10,304,567	9,932,543	10,539,971	10,735,761	11,440,572
Other Instruction	1,539,649	1,832,553	1,885,558	2,061,075	2,004,902	2,068,291	1,951,708	2,030,686	1,830,996	1,455,854
School-Sponsored Instruction	1,434,414	1,410,772	1,491,489	1,470,382	1,391,942	1,392,876	1,454,363	1,494,818	1,615,837	1,540,662
Support Services:										
Tuition	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960
Student and Instruction Related Services	15,027,478	17,346,129	18,492,787	21,224,914	22,622,671	22,995,689	22,504,370	23,301,465	24,449,945	25,999,532
Central Services	1,257,133	1,250,862	1,423,763	1,399,045	1,990,035	1,342,054	1,314,916	1,363,776	1,328,422	1,359,176
Administrative Information Technology	272,669	268,544	713,418	725,469	4,612,683	803,152	798,073	838,030	758,215	834,524
General Administrative Services	1,627,834	1,917,706	1,833,498	2,172,875	1,310,991	2,081,026	1,879,769	2,074,750	2,528,679	2,459,035
School Administrative Services	4,188,259	4,310,048	4,574,757	4,505,564	4,843,050	4,732,220	4,787,561	4,812,556	4,861,129	4,861,129
Plant Operations And Maintenance	7,898,069	7,858,131	8,035,186	7,856,149	7,803,481	7,935,925	8,027,385	9,717,222	8,833,502	10,216,526
Pupil Transportation	4,245,329	4,587,314	4,519,707	4,643,965	4,708,140	5,290,632	4,702,946	7,066,626	6,543,608	3,555,992
Unallocated Benefits	24,358,225	25,808,190	26,020,243	27,210,100	29,818,675	33,415,259	35,503,265	39,199,306	40,443,259	45,651,292
Special Schools	503,306	477,788	402,760	156,178	10,448	43,223	33,016	42,971	18,393	19,165
Transfer to Charter Schools	21,582	7,204	7,204	10,420	4,098,791	3,616,859	2,181,404	4,261,714	4,684,478	4,688,693
Capital Outlay	4,167,480	2,841,957	2,728,830	3,515,868	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104	161,209,489
Total Expenditures	118,523,755	123,400,320	125,532,986	130,566,873	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104	161,209,489
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(612,792)	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)	(2,906,558)	2,316,808	(4,135,217)	(2,434,934)	(676,112)
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)				301,432	269,429	97,140	1,993,588	3,896,126	360,000	1,169,772
Montclair Improvement Authorization						2,203,366			3,033,179	10,720,000
ESIP Lease Proceeds										160,729
Transfers In			68,771	2,384,926	11,215	463	2,438	1,020,165	88,052	(179,314)
Transfers Out	(394,567)	(115,000)	(234,986)	(2,485,756)	(61,803)	(204,131)	(226,863)	(1,136,562)	(215,090)	
Total Other Financing Sources/(Uses)	(394,567)	(115,000)	(166,215)	200,602	218,841	2,096,838	1,769,163	3,779,729	3,266,141	11,871,187
Net Change In Fund Balances	\$ (1,007,359)	\$ (671,297)	\$ (6,014,357)	\$ (2,738,318)	\$ (1,164,160)	\$ (809,720)	\$ 4,085,971	\$ (355,488)	\$ 831,207	\$ 11,195,075
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Subscription Busing	Other	Total
2012	\$ 60,563	\$ 64,983	\$ 95,093	\$ 45,826		\$ 543,877	\$ 810,342
2013	46,645	73,144	129,622	161,535		526,640	937,586
2014	59,993	67,944	107,772	202,391		440,865	878,965
2015	37,710	58,083	125,326	1,896,152 *		326,129	2,443,400
2016	43,155	41,743	41,057	651,887 *		202,142	979,984
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103
2018	205,962	167,105	100,965	106,132		257,263	837,427
2019	407,443	93,643	163,536	188,857		237,390	1,090,869
2020	297,216	103,243	48,139	1,215,186 #		400,880	2,064,664
2021	23,709	71,680	12,364	184,863		143,477	436,093

* - Includes a refund from Horizon Blue Cross

- Includes a final settlement from prior health benefits plan provider

Source: Montclair Township School District records

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

Year Ended December 31,	Vacant Land		Residential		Commercial		Industrial		Apartment		Total Assessed Value		Tax-Exempt Property		Public Utilities ^a		Net Valuation Taxable		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized Value)	
2011	\$	26,808,200	\$	6,190,707,050	\$	672,102,250	\$	5,059,900	\$	274,447,400	\$	7,169,124,800	\$	732,540,450	\$	12,016,628	\$	7,181,141,428	\$	1.42	\$	6,956,465,593
2012	*	16,130,300	4,900,422,400	590,234,900	4,539,500	252,992,300	4,539,500	252,992,300	5,764,319,400	659,913,200	11,362,189	5,775,681,589	656,601,900	9,368,010	5,766,157,920	1.79	6,881,985,278					
2013		16,472,400	4,894,705,110	588,899,400	4,539,500	252,173,500	4,539,500	252,173,500	5,756,789,910	656,601,900	9,368,010	5,766,157,920	656,601,900	9,368,010	5,766,157,920	1.80	6,603,712,425					
2014		16,727,600	4,879,173,310	584,383,400	4,879,200	249,503,700	4,539,200	249,503,700	5,734,327,210	657,086,100	8,380,841	5,742,708,051	657,086,100	8,380,841	5,742,708,051	1.87	6,519,107,090					
2015		17,538,800	4,883,842,510	577,300,700	4,539,200	246,801,000	4,539,200	246,801,000	5,730,022,210	657,073,600	7,948,928	5,737,971,138	657,073,600	7,948,928	5,737,971,138	1.97	6,746,283,622					
2016		17,238,900	4,879,919,300	569,184,400	3,891,000	240,140,600	3,891,000	240,140,600	5,710,374,200	672,102,200	8,386,600	5,718,760,800	672,102,200	8,386,600	5,718,760,800	2.05	6,805,822,663					
2017		16,524,600	4,895,004,400	563,938,000	3,891,000	243,149,800	3,891,000	243,149,800	5,722,507,800	699,897,000	8,116,600	5,730,624,400	699,897,000	8,116,600	5,730,624,400	2.11	7,107,693,577					
2018	*	22,525,800	5,998,997,600	692,562,000	7,212,800	308,366,600	7,212,800	308,366,600	7,029,664,800	912,136,400	10,160,600	7,039,825,400	912,136,400	10,160,600	7,039,825,400	1.65	7,359,549,675					
2019		27,821,000	6,008,889,700	693,121,700	7,212,800	313,571,400	7,212,800	313,571,400	7,050,616,600	910,875,000	9,411,300	7,060,027,900	910,875,000	9,411,300	7,060,027,900	1.68	7,836,749,193					
2020		28,846,400	6,025,614,100	690,123,600	5,023,000	321,723,500	5,023,000	321,723,500	7,071,330,600	790,819,700	9,422,700	7,080,753,300	790,819,700	9,422,700	7,080,753,300	1.70	7,923,346,758					

* - Revaluation year.

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

Reassessment occurs when ordered by the County Board of Taxation

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.
- b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

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

Year Ended December 31,	Montclair Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Montclair Township	Essex County		
2011	\$ 1.42		\$ 1.42	\$ 0.72	\$ 0.42	\$ 2.56	
2012	* 1.79	*	1.79	* 0.92	* 0.54	* 3.25	
2013	1.80		1.80	0.94	0.56	3.30	
2014	1.87		1.87	0.95	0.59	3.41	
2015	1.97		1.97	0.95	0.61	3.53	
2016	2.05		2.05	0.96	0.62	3.63	
2017	2.11		2.11	0.98	0.64	3.73	
2018	* 1.65	*	1.65	* 0.92	* 0.52	* 3.09	
2019	1.68		1.68	0.93	0.54	3.15	
2020	1.70		1.70	0.93	0.55	3.18	

* - Revaluation year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2021			2012		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliffe Apartments		\$ 18,757,000	0.26 %	Lackawanna Associates	\$ 20,543,700	0.30 %
Hawthorne Towers, LLC		11,578,400	0.16 %	Hawthorne Towers Partnership	12,900,000	0.19 %
Belleclair, LLC		13,812,500	0.20 %	Princeton Bank & Industry Consulting Group	12,757,400	0.18 %
Montclairion Associates LP % Atlantic		10,823,800	0.15 %	Rockcliffe Apartments	12,236,500	0.18 %
Orange Pavilion, LLC		10,764,800	0.15 %	Belleclair, LLC	11,600,000	0.17 %
39-51 Church Street Association		10,126,800	0.14 %	Orange Pavilion	9,260,100	0.13 %
MKM Holdings		9,292,800	0.13 %	45 Church Street Associates	8,500,000	0.12 %
The Midland Realty Group		8,862,500	0.13 %	Gordonhurst Associates	8,474,200	0.12 %
Lackawanna 2013 LLC		8,600,000	0.12 %	Midland Realty Associates	7,000,000	0.10 %
510 Valley Road LLC		8,333,700	0.12 %	Richard Grabowsky, LLC	6,250,000	0.09 %
Total		\$ 110,952,300	1.56 %		\$ 109,521,900	1.58 %

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 97,509,698	\$ 97,509,698	100.00%	\$ -0-
2013	97,509,698	97,509,698	100.00%	-0-
2014	97,509,698	97,509,698	100.00%	-0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-
2017	109,921,598	109,921,598	100.00%	-0-
2018	112,636,548	112,636,548	100.00%	-0-
2019	115,941,279	115,941,279	100.00%	-0-
2020	118,260,105	118,260,105	100.00%	-0-
2021	120,625,307	120,625,307	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases					
2012	\$ -0-	\$ -0-		\$ -0-	\$ -0-	0.00 %	\$ -0-
2013	-0-	-0-		-0-	-0-	0.00 %	-0-
2014	-0-	-0-		-0-	-0-	0.00 %	-0-
2015	-0-	251,561		-0-	251,561	0.01 %	6.64
2016	-0-	370,546		-0-	370,546	0.02 %	9.62
2017	-0-	295,855		-0-	295,855	0.01 %	7.65
2018	-0-	125,776		-0-	125,776	0.01 %	3.25
2019	-0-	39,649		-0-	39,649	0.00 %	1.02
2020	-0-	305,184		-0-	305,184	0.01 %	7.93
2021	-0-	10,936,302		-0-	10,936,302	0.42 %	283.99

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

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

Source: School District Financial Reports

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

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 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 Montclair	\$ 72,480,501	100.00%	\$ 72,480,501
Essex County General Obligation Debt	685,412,780	8.53%	<u>58,487,527</u>
Subtotal, Overlapping Debt			130,968,028
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u>\$ 130,968,028</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Montclair Township
Equalized Valuation Basis	
2020	\$ 8,031,039,864
2019	7,876,903,810
2018	7,790,828,771
	\$23,698,772,445
Average Equalized Valuation of Taxable Property	\$ 7,899,590,815
Debt Limit (4% of Average Equalization Value) ^a	\$ 315,983,633
Net Bonded School Debt as of June 30, 2021	-0-
	\$ 315,983,633

Montclair Township Debt Information

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$283,899,181	\$273,247,823	\$266,007,265	\$ 264,469,326	\$ 267,474,394
Total Net Debt Applicable to Limit	78,553,510	80,327,640	71,192,725	72,870,022	67,789,226
Legal Debt Margin	\$205,345,671	\$192,920,183	\$194,814,540	\$ 191,599,304	\$ 199,685,168
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	27.67%	29.40%	26.76%	27.55%	25.34%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$274,796,198	\$282,475,277	\$295,500,638	\$ 306,237,077	\$ 315,983,633
Total Net Debt Applicable to Limit	70,852,863	71,214,780	74,314,083	73,580,409	72,480,501
Legal Debt Margin	\$204,088,655	\$120,408,141	\$221,186,555	\$ 232,656,668	\$ 232,656,668
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.78%	25.21%	25.15%	24.03%	22.94%

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

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

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

Year	Population ^a	Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	37,748	\$ 2,078,178,392	\$ 55,054	6.70%
2013	37,788	2,108,872,704	55,808	6.70%
2014	37,834	2,212,797,158	58,487	5.20%
2015	37,862	2,303,524,080	60,840	4.30%
2016	38,502	2,399,983,668	62,334	4.00%
2017	38,691	2,485,200,312	64,232	3.80%
2018	38,721	2,525,151,294	65,214	3.20%
2019	38,724	2,619,949,668	67,657	2.70%
2020	38,509	2,605,403,413	67,657 *	7.20%
2021	38,509 **	2,605,403,413 ***	67,657 *	N/A

* - Latest Essex County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest available population data (2020) and latest available Essex 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 municipal population and per capita personal income presented

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

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

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

2021		2012		Percentage of Total Employment
Employer	Employees	Employer	Employees	Employment

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

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

<u>Function/Program</u>	<u>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	437.0	433.1	454.0	467.9	470.9	480.4	458.6	449.6	450.9	449.7
Special Education	114.0	147.9	163.0	143.6	141.8	134.6	132.7	134.6	146.0	146.5
Support Services:										
Student & Instruction Related Services	106.0	95.8	272.0	301.4	336.7	343.5	328.6	330.2	349.6	366.5
School Administrative Services	66.0	46.8	49.0	49.5	48.5	49.0	45.5	45.5	48.5	45.5
General and Business Administrative Services	6.0	5.7	4.0	3.0	3.0	4.3	4.3	4.3	4.3	4.3
Plant Operations and Maintenance	60.0	63.0	61.0	61.0	62.0	63.0	65.0	65.0	67.0	66.0
Pupil Transportation	2.0	2.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0	4.0
Business and Other Support Services	14.0	2.0	14.0	20.7	20.7	20.0	22.7	22.7	19.0	19.0
Total	805.0	796.3	1,020.0	1,050.1	1,087.0	1,098.8	1,061.4	1,055.9	1,089.3	1,101.5

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2012	6,638	\$ 114,356,275	\$ 17,228	-0.32 %	566	12.8:1	8.5:1	10.0:1	6,638	6,352	0.05 %	95.69 %
2013	6,667	120,538,363	18,083	4.96 %	571	12.7:1	9.1:1	11.5:1	6,667	6,464	0.44 %	96.96 %
2014	6,736	122,804,156	18,231	0.82 %	568	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	572	10.1:1	8.2:1	9.7:1	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	581	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	584	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %
2018	6,635	137,882,111	20,781	0.69 %	568	12.1:1	9.7:1	12.9:1	6,664	6,323	-0.13 %	94.88 %
2019	6,659	149,479,456	22,448	8.02 %	576	12.1:1	9.7:1	12.9:1	6,664	6,323	0.00 %	94.88 %
2020	6,589	151,375,626	22,974	2.34 %	573	11.5:1	10.0:1	12.9:1	6,617	6,374	-0.71 %	96.34 %
2021	6,396	156,520,796	24,472	6.52 %	569	11.1:1	9.7:1	12.9:1	6,254	6,056	-5.48 %	96.83 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District/Building</u>	<u>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>
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,952	1,966	1,981	1,946	2,018	2,029	2,047	2,071	2,035	2,025
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	717	711	678	680	649	640	641	674	668	654
Buzz Aldrin Middle School										
Square Feet	125,799	125,799	126,568	126,568	126,568	126,568	126,568	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	554	545	546	646	642	659	658	658	665	661
Renaissance Middle School										
Square Feet	38,722	38,722	37,167	37,167	37,167	37,167	37,167	37,167	37,167	37,167
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	253	262	269	276	284	289	280	256	247	242
Bradford Elementary School										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	451	450	427	441	431	426	430	436	413	389
Bullock Elementary School										
Square Feet	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	433	442	384	481	463	439	448	448	466	434

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2011</u>	<u>2012</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>
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	289	305	296	396	284	288	283	291	276	237
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	620	650	626	531	560	587	591	521	535	535
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	479	479	469	467	489	458	423	394	461	428
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	442	456	448	442	441	436	415	416	408	391
Watchung Elementary School										
Square Feet	34,638	34,638	34,638	52,109	52,109	52,109	52,109	52,109	52,109	52,109
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	450	457	452	448	441	439	432	426	415	400

N/A- Not Applicable

Number of Schools at June 30, 2021

 Elementary = 7

 Middle School = 3

 High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

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

Undistributed Expenditures:

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

<u>School Facilities *</u>	<u>Projects #</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bradford Elementary School	N/A	\$ 43,151	\$ 39,659	\$ 37,641	\$ 35,946	\$ 23,657
Bullock Elementary School	N/A	41,767	50,835	68,502	41,652	31,932
Edgemont Elementary School	N/A	24,522	28,724	32,790	27,907	38,554
Glenfield Middle School	N/A	132,436	95,360	103,155	122,785	90,628
Hillside Elementary School	N/A	116,235	88,680	84,818	58,285	51,443
Montclair High School	N/A	294,124	305,909	266,067	279,625	277,444
Buzz Aldrin Middle School	N/A	114,523	111,671	34,966	12,693	135,193
Nishuane Elementary School	N/A	64,539	55,792	42,586	61,091	25,059
Northeast Elementary School	N/A	46,998	58,313	56,390	51,954	71,012
Renaissance Middle School	N/A	58,794	39,390	36,368	61,288	40,343
Watchung Elementary School	N/A	40,292	34,732	40,991	29,641	54,262
		<u>\$ 977,381</u>	<u>\$ 909,065</u>	<u>\$ 804,274</u>	<u>\$ 782,867</u>	<u>\$ 839,527</u>

<u>School Facilities *</u>	<u>Projects #</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bradford Elementary School	N/A	\$ 70,566	\$ 88,175	\$ 59,008	\$ 40,699	\$ 129,505
Bullock Elementary School	N/A	39,862	31,715	49,764	42,865	238,408
Edgemont Elementary School	N/A	27,947	125,787	49,284	29,793	140,175
Glenfield Middle School	N/A	116,527	78,449	171,152	56,851	225,571
Hillside Elementary School	N/A	68,343	172,021	73,593	345,487	280,836
Montclair High School	N/A	321,473	476,500	435,569	464,318	444,565
Buzz Aldrin Middle School	N/A	47,739	66,341	69,830	256,859	232,806
Nishuane Elementary School	N/A	51,998	72,105	41,829	82,960	200,979
Northeast Elementary School	N/A	1,275	80,527	175,386	49,996	197,269
Renaissance Middle School	N/A	55,057	45,224	67,715	39,853	114,837
Watchung Elementary School	N/A	121,022	100,427	59,620	42,675	159,641
		<u>\$ 921,809</u>	<u>\$ 1,337,271</u>	<u>\$ 1,252,750</u>	<u>\$ 1,452,356</u>	<u>\$ 2,364,592</u>

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

Source: Montclair Township School District records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, PA.		
Property - Blanket Building & Contents	\$ 282,824,525	\$ 5,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	
Excess Liability Coverage	10,000,000	
Boiler and Machinery - Property Damage	Included	
Board of Education Legal Liability Coverage A (E&O and EPLI)	1,000,000	25,000
Aggregate	3,000,000	
Board of Education Legal Liability Coverage B	100,000	25,000
Aggregate	300,000	
Cyber Liability Each Event Limit	1,000,000	
Privacy Crisis Management	100,000	
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
Umbrella Liability Excess (Included in GL & AL limits)		
NUEP (Excess Coverage)	30,000,000	
Starstone/Markel		
Additional Excess Liability		
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
Star Insurance Company		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Cash Flow Protection Endorsement	500,000	
Public Employees' Faithful Performance Bonds -		
Travelers Insurance Company:		
Andrea Del Guercio - Treasurer	456,000	
Emidio D'Andrea - Business Administrator	456,000	
Student & Athletic Insurance - US Fire Insurance:		
Limit including all sports activities - Standard Plan, Medical	25,000	
Benefit Period - 3 years		
Limit including all sports activities - Excess Coverage Plan, Medical	5,000,000	25,000
Benefit Period - 10 years		
Catastrophic Cash	1,000,000	

Source: Montclair Township School District records.

SINGLE AUDIT SECTION



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Independent Member
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 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 January 31, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

January 31, 2022
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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.

January 31, 2022
Mount Arlington, New Jersey

Nisiroccia LLP

NISIVOCCIA LLP

Valerie A. Dolan

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

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

Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2020		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior Year Encumbrances Canceled	Balance at June 30, 2021 (Accounts Receivable)	Amount Provided to Subrecipients
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor						
U.S. Department of Education - Passed-through State Department of Education:											
Special Revenue Fund:											
Special Education Cluster:											
84.027A	IDEA-3310-21	7/1/20 9/30/21	\$ 1,965,934		\$ 1,063,943	\$ (1,613,901)	\$ 82,131	\$ (1,613,901)	\$ 35,186	\$ (549,958)	
84.027A	IDEA-3310-20	7/1/19 9/30/20	1,782,035		82,131						
84.173	IDEA-3310-21	7/1/20 9/30/21	93,900		63,594	(75,133)				(10,091)	
84.173	IDEA-3310-20	7/1/19 9/30/20	58,058		1,448	(1,448)					
							1,209,668	(1,689,034)	35,186	(560,049)	
Subtotal Special Education Cluster											
Elementary and Secondary Education Act:											
84.010	ESEA-3310-21	7/1/20 9/30/21	843,238		66,625	(249,275)				(182,650)	
84.010	ESEA-3310-20	7/1/19 9/30/20	522,889		262,061	(168,087)				(182,650)	
							328,686	(417,362)			
Subtotal Title I - Part A											
84.010	ESEA-3310-21	7/1/20 9/30/21	30,110		6,939	(6,939)					
84.010	ESEA-3310-20	7/1/19 9/30/20	649		649						
							7,588	(6,939)			
Subtotal Title I - Part A, Reallocated											
84.010	ESEA-3310-21	7/1/20 9/30/21	130,343		16,560	(54,826)				(38,266)	
84.010	ESEA-3310-20	7/1/19 9/30/20	97,883		26,544						
							43,104	(54,826)		(38,266)	
Subtotal Title I SIA, Part A											
84.367A	ESEA-3310-21	7/1/20 9/30/21	282,853		30,946	(39,193)				(8,247)	
84.367A	ESEA-3310-20	7/1/19 9/30/20	115,425		68,212	(61,904)					
							99,158	(101,097)		(8,247)	
Subtotal Title II A											
84.365A	ESEA-3310-21	7/1/20 9/30/21	10,711		1,098	(1,098)					
84.365A	ESEA-3310-21	7/1/20 9/30/21	895								
84.365A	ESEA-3310-20	7/1/19 9/30/20	9,442		5,189	(5,051)					
							5,189	(5,051)			
Subtotal Title III - Immigrant											
84.358	ESEA-3310-21	7/1/20 9/30/21	93,148		1,624	(19,944)				(18,320)	
84.358	ESEA-3310-20	7/1/19 9/30/20	2,391		2,391	(2,391)					
							4,015	(22,335)		(18,320)	
Subtotal Title IV											
Subtotal Elementary and Secondary Education Act											
84.425D	CARES041022	3/13/20 9/30/22	593,354		578,784	(583,823)				(5,039)	
84.425D	S377A130031	7/16/20 10/31/20	52,555		52,528	(52,528)					
Total CARES (COVID-19) Cluster											
Total U.S. Department of Education											
											\$ 3,381
U.S. Department of Treasury - Passed-through State Department of Education:											
Special Revenue Fund:											
21.019	N/A	3/1/20 12/31/20	355,984		355,256	(351,875)					3,381
Total U.S. Department of Treasury											
											\$ 3,381
Total Special Revenue Fund											
											\$ 3,381

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

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020 Unearned Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior Year Encumbrances Canceled	Balance at June 30, 2021		Amount Provided to Subrecipients
			From	To							(Accounts Receivable)	Due to Grantor	
U.S. Department of Health and Human Services - Medicaid Cluster: Medical Assistance Program (SEMI)	93.778	N/A	7/1/20	6/30/21	\$ 81,434	\$ 81,434		\$ (81,434)					
Total General Fund/Medicaid Cluster					\$ 81,434		\$ 81,434						
Total U.S. Department of Health and Human Services								\$ (81,434)					
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Child Nutrition Cluster: School Breakfast Program: COVID-19 Seamless Summer Option COVID-19 Seamless Summer Option Subtotal School Breakfast Program	10.553 10.553	N/A N/A	7/1/20 3/18/20	6/30/21 6/30/20	204,499 22,307	(17,886) (17,886)	179,840 17,886	(204,499) (204,499)			(24,659) (24,659)		
National School Lunch Program: COVID-19 Seamless Summer Option COVID-19 Seamless Summer Option Subtotal National School Lunch Program	10.555 10.555	N/A N/A	7/1/20 3/18/20	6/30/21 6/30/20	346,089 38,896	(30,850) (30,850)	302,717 30,850	(346,089) (346,089)			(43,372) (43,372)		
Federal Food Distribution Program Federal Food Distribution Program Subtotal Federal Food Distribution Program	10.555 10.555	N/A N/A	7/1/20 7/1/19	6/30/21 6/30/20	46,461 72,486	10,383 10,383	46,461 46,461	(41,338) (10,383)			\$ 5,123 (51,721)		
Subtotal Child Nutrition Cluster						(38,353)	577,754	(602,309)			(68,031)	5,123	
Total U.S. Department of Agriculture						(38,353)	577,754	(602,309)			(68,031)	5,123	
TOTAL FEDERAL AWARDS						\$ (281,835)	\$ 3,344,262	\$ (3,969,711)	\$ 35,186		\$ (880,602)	\$ 5,123	\$ 3,381
													\$ -0-

N/A - Not Available/Applicable

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

MONTCLAIR 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		Program or Award Amount	Balance at June 30, 2020			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor	GAAP (Accounts Receivable)				Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Special Education Categorical Aid	21-495-034-5120-089	7/1/20	6/30/21	\$ 5,444,123			\$ 4,906,642	\$ (5,444,123)			\$ (537,481)	\$ 5,444,123		
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	5,352,479			523,062					5,352,479		
Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	1,175,389			1,059,347	(1,175,389)			(116,042)	1,175,389		
Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	1,175,389			114,863					1,175,389		
Security Aid	21-495-034-5120-084	7/1/20	6/30/21	755,225			680,664	(755,225)			(74,561)	755,225		
Security Aid	20-495-034-5120-084	7/1/19	6/30/20	755,225			73,803					755,225		
Adjustment Aid	21-495-034-5120-085	7/1/20	6/30/21	322,539			290,696	(322,539)			(31,843)	322,539		
Adjustment Aid	20-495-034-5120-085	7/1/19	6/30/20	322,539			31,519					322,539		
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20	6/30/21	1,991,060			1,537,639	(1,991,060)			(1,991,060)	1,991,060		
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19	6/30/20	1,537,639								1,537,639		
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20	6/30/21	92,510				(92,510)			(92,510)	92,510		
Securing Our Children's Future Bond Act: Alyssa's Law (School Security) On-Behalf TPAF Contributions:	20E00170	4/1/20	6/30/24	377,768				(55,880)			(55,880)	377,768		
Post-Retirement Medical Pension	21-495-034-5094-001	7/1/20	6/30/21	4,867,540			4,867,540	(4,867,540)				4,867,540		
Pension	21-495-034-5094-002	7/1/20	6/30/21	15,242,167			15,242,167	(15,242,167)				15,242,167		
Non-Contributory Insurance	21-495-034-5094-004	7/1/20	6/30/21	290,002			290,002	(290,002)				290,002		
Long-Term Disability Insurance	21-495-034-5094-004	7/1/20	6/30/21	6,737			6,737	(6,737)				6,737		
Reimbursed TPAF Social Security Aid	21-495-034-5094-003	7/1/20	6/30/21	4,402,418			4,182,457	(4,402,418)			219,961	4,402,418		
Reimbursed TPAF Social Security Aid	20-495-034-5094-003	7/1/19	6/30/20	4,331,582			216,256				(219,961)	4,331,582		
Total General Fund State Aid					(2,497,142)		34,023,394	(34,645,590)			(2,359,411)	48,646,171		
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20	6/30/21	111,000			111,000	(95,691)			\$ 15,309	95,691		
Textbook Aid (Chapter 194)	20-100-034-5120-064	7/1/19	6/30/20	95,353								95,353		
Nursing Services (Chapter 226)	21-100-034-5120-070	7/1/20	6/30/21	185,334			185,334	(185,334)				185,334		
Auxiliary Services (Chapter 192):														
Compensatory Education	21-100-034-5120-067	7/1/20	6/30/21	122,798			122,798	(70,543)			52,255	70,543		
Compensatory Education	20-100-034-5120-067	7/1/19	6/30/20	120,868			24,637					120,868		
English as a Second Language	21-100-034-5120-067	7/1/20	6/30/21	1,599			1,599	(2,772)			1,599	1,599		
Home Instruction	21-100-034-5120-067	7/1/20	6/30/21	2,772							(2,772)	2,772		
Home Instruction	20-100-034-5120-067	7/1/19	6/30/20	8,146			8,146					8,146		
Handicapped Services (Chapter 193):														
Supplementary Instruction	21-100-034-5120-066	7/1/20	6/30/21	80,948			80,948	(46,541)			34,407	46,541		
Supplementary Instruction	20-100-034-5120-066	7/1/19	6/30/20	78,510			5,887					78,510		
Examination and Classification	21-100-034-5120-066	7/1/20	6/30/21	108,121			108,121	(69,671)			38,450	69,671		
Examination and Classification	20-100-034-5120-066	7/1/19	6/30/20	119,468			8,827					119,468		
Corrective Speech	21-100-034-5120-066	7/1/20	6/30/21	19,686			19,686	(10,390)			9,296	10,390		
Corrective Speech	20-100-034-5120-066	7/1/19	6/30/20	28,436			2,807					28,436		
Security Aid	21-100-034-5120-509	7/1/20	6/30/21	317,975			317,975	(282,430)			35,545	282,430		
Security Aid	20-100-034-5120-509	7/1/19	6/30/20	271,350								271,350		
Technology Initiative	20-100-034-5120-373	7/1/19	6/30/20	65,124			10,256					65,124		
Total Special Revenue Fund					(50,304)		997,765	(763,372)			(2,772)	186,861		
Total														

MONTCLAIR 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		Program or Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO Cumulative Total Expenditures
		From	To		GAAP (Accounts Receivable)	Due to Grantor						
State Department of Education:												
Enterprise Fund:												
State School Lunch Program:												
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/20	6/30/21	\$ 15,108	\$	\$ 12,019	\$ (15,108)	\$	\$ (3,089)	\$	\$ 3,089	\$ 15,108
COVID-19 Seamless Summer Option	20-100-010-3350-023	3/18/20	6/30/20	615	\$ (488)	488	(1,151)		(1,151)		1,151	615
Supplemental	21-100-010-3350-023	7/1/20	6/30/21	1,151		3,298						1,151
Supplemental	20-100-010-3350-023	7/1/19	6/30/20	3,298	(3,298)							3,298
Total Enterprise Fund					(3,786)	15,805	(16,259)		(4,240)		4,240	20,172
Schools Development Authority:												
Capital Projects Fund:												
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/20	990,572	(990,572)	11,920					990,572	990,572
	Various	Various	Various	7,030,741	(910,998)	11,920					899,078	6,131,663
Total Capital Projects Fund					(1,901,570)	11,920					1,889,650	6,131,663
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION												
					\$ (4,452,802)	\$ 147,006	\$ (35,425,221)	\$ (147,006)	\$ (2,366,423)	\$ 186,861	\$ (788,298)	\$ 55,561,378
Less - State Awards Not Subject to Single Audit Major Program Determination:												
On-Behalf TPAF Pension System Contributions:												
Post-Retirement Medical	21-495-034-5094-001	7/1/20	6/30/21	4,867,540								4,867,540
Pension	21-495-034-5094-002	7/1/20	6/30/21	15,242,167								15,242,167
Non-Contributory Insurance	21-495-034-5094-004	7/1/20	6/30/21	290,002								290,002
Long-Term Disability Insurance	21-495-034-5094-004	7/1/20	6/30/21	6,737								6,737
Subtotal On-Behalf TPAF Pension System Contributions												20,406,446
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION												
												\$ (15,018,775)

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

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

NOTE 1. BASIS OF PRESENTATION

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$(16,680) for the General Fund and \$258,944 for the Special Revenue Fund. See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 81,434	\$ 34,628,910	\$ 34,710,344
Special Revenue Fund	3,376,318	931,966	4,308,284
Food Service Fund	602,309	16,259	618,568
Total Financial Assistance	\$ 4,060,061	\$ 35,577,135	\$ 39,637,196

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. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,889,650 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2021 after having received reimbursement of \$11,920 in 2020-21. As of June 30, 2021 none of these funds have been expended, submitted for reimbursement or been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 a major federal or state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for each major federal and state program for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit finding which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	Federal CFDA/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
Special Education Cluster:				
IDEA Part B, Basic	84.027A	7/1/20-9/30/21	\$1,965,934	\$ 1,613,901
IDEA Part B, Preschool	84.173	7/1/20-9/30/21	93,900	75,133
State:				
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	5,444,123	5,444,123
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	755,225	755,225
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	322,539	322,539
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	1,175,389	1,175,389

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

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

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

Prior year finding 2020-001 with regard to the District's 2019-2020 District Report of Transported Resident Students was resolved.