

**SCHOOL DISTRICT  
OF  
THE TOWNSHIP OF MONTAGUE**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

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

**Montague, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

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

**Finance Department**

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**INTRODUCTORY SECTION  
(UNAUDITED)**



# MONTAGUE TOWNSHIP SCHOOL DISTRICT



475 Route 206  
Montague, New Jersey 07827  
V: 973-293-7131 / F: 973-293-3391  
[www.montaqueschool.org](http://www.montaqueschool.org)

**James Andriac**  
*Acting Chief School Administrator  
/Principal*

**Carl Morelli**  
*School Business Administrator/  
Board Secretary*

**Danielle Conklin**  
*CSA Confidential Secretary*

**Melinda Bellis**  
*Administrative Assistant to the BA*

**Dana Berry**  
*Admin. Assistant to the Board Secretary*

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December 14, 2022

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

Dear Board Members:

The annual comprehensive financial report of the Montague Township School District (the "District") for the fiscal year ended June 30, 2022, 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 annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

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

2) MAJOR INITIATIVES: The Montague Township School District maintains focus on updating the curriculum and materials, new instructional practices, and expanding new programming for access to all students. The District provides ongoing professional development for all staff through PLC meetings 20 times a year. The implementation of the Long-Term Strategic Plan that was created by the Board of Education that identified priorities and guidance for the next 5 years will be updated to ensure that all priorities are funded and focused on student needs.

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

3) ECONOMIC CONDITION AND OUTLOOK: During the 2021-2022 school year, increase in expenses, coupled with cuts in State Aid had an impact on our school district. Increases included Instruction, Special Education, Operations/Transportation,, Benefits, Capital Projects, and Charter School Tuition.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2022.

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.



The Honorable President and Members of  
the Board of Education  
Montague Township School District  
Page 3  
December 14, 2022

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


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

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

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

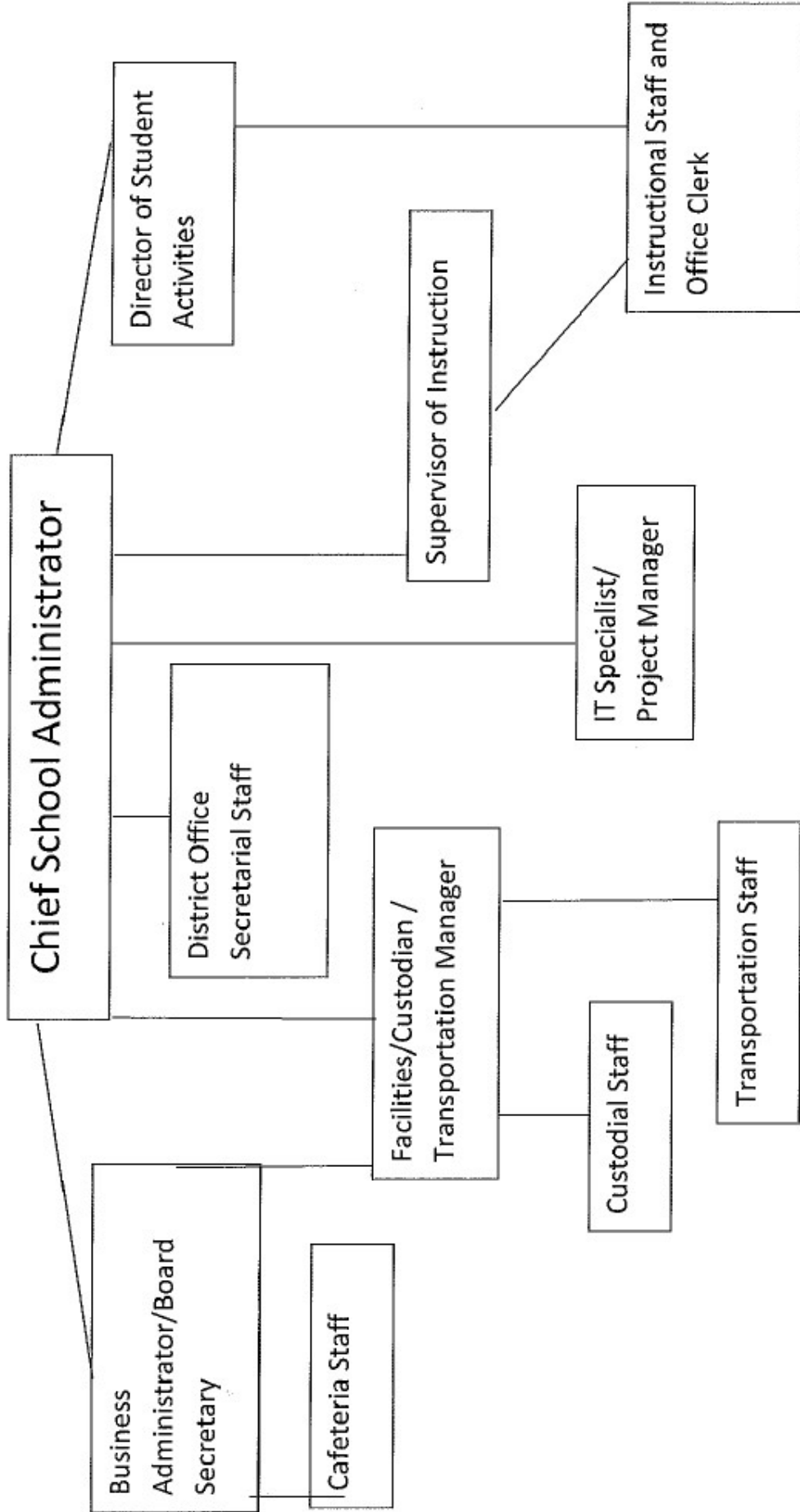
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Montague Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,

  
James Andriac  
Acting Chief School Administrator

  
Carl Morelli  
Business Administrator/Board Secretary

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
ORGANIZATIONAL CHART



**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara Holstein, President	2024
Denise Bogle, Vice President	2024
Paul Brislin	2023
Danielle Christmann	2023
Andree Campbell	2023
Tasha DeGeorge	2025
Michael Zernhelt	2025

<u>Other Officials</u>	<u>Title</u>
Timothy C. Capone	Chief School Administrator/Principal <i>(Placed on Administrative Leave April 2021)</i>
John Nittolo	Acting Chief School Administrator <i>(Term commenced May 2021)</i>
Carl Morelli	School Business Administrator/Board Secretary <i>(Term commenced February 2022)</i>
Rene Metzgar	Treasurer of School Monies

# **Montague Township School District Consultants and Advisors**

## **Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856-1320  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860  
and  
1140 Route 22 East, Suite 203  
Bridgewater, New Jersey 08807

## **Attorneys**

Cleary Giacobbe Alfieri Jacobs, LLC  
955 NJ-34  
Matawan, NJ 07747  
and  
169 Ramapo Valley Road  
Upper Level  
Oakland, NJ 07436

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

## **Official Depositories**

Provident Bank  
266 Clove Road  
Montague, New Jersey 07827

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

## **FINANCIAL SECTION**

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Qualified Opinion***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District (the “District”), in the County of Sussex, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, 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.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### ***Matter Giving Rise to Qualified Opinion***

The District’s note disclosure on postemployment benefits other than pensions (OPEB) (Note 16) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”), as of the date of this report. The District is in a “special funding situation” in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District’s net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary 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 supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Honorable President and Members  
of the Board of Education  
Montague Township School District  
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***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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 District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
December 14, 2022

*Nisivoccia LLP*  
NISIVOCCIA LLP

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

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

**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section of Montague Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

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

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

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

**Figure A-1**

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

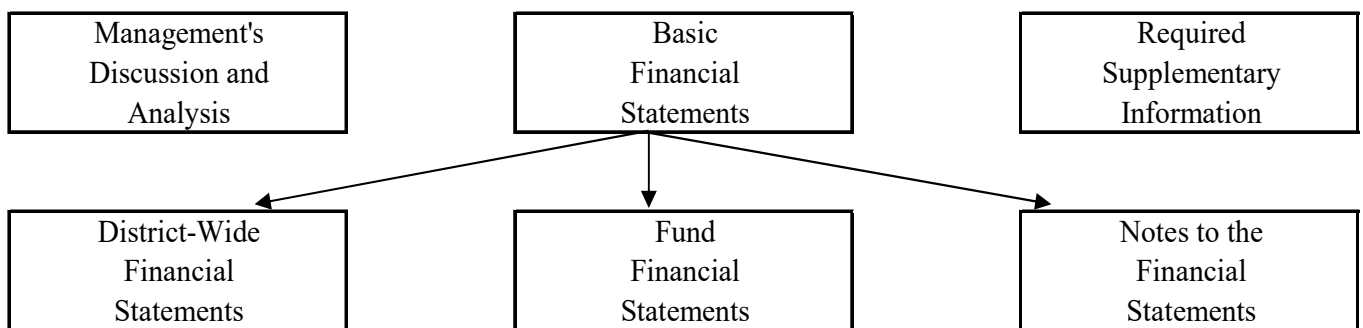


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

## District-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has two kinds of funds:

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

## Notes to Basic Financial Statements

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

### Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position increased by 13.91%. Net position from governmental activities increased by \$736,117 and net position from business-type activities increased by \$16,135. Net investment in capital assets increased by \$439,997, restricted net position increased by \$47,077 and unrestricted net position increased by \$265,178.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Current and Other Assets	\$ 5,945,924	\$ 4,979,973	\$ 76,099	\$ 15,138	\$ 6,022,023	\$ 4,995,111	
Capital Assets, Net	2,776,225	2,334,595	3,607	5,240	2,779,832	2,339,835	
Total Assets	<u>8,722,149</u>	<u>7,314,568</u>	<u>79,706</u>	<u>20,378</u>	<u>8,801,855</u>	<u>7,334,946</u>	20.00%
Deferred Outflows of Resources	<u>467,471</u>	<u>635,225</u>			<u>467,471</u>	<u>635,225</u>	-26.41%
Other Liabilities	1,638,527	768,299	57,796	14,603	1,696,323	782,902	
Long-Term Liabilities	758,149	1,110,841			758,149	1,110,841	
Total Liabilities	<u>2,396,676</u>	<u>1,879,140</u>	<u>57,796</u>	<u>14,603</u>	<u>2,454,472</u>	<u>1,893,743</u>	29.61%
Deferred Inflows of Resources	<u>653,914</u>	<u>667,740</u>			<u>653,914</u>	<u>667,740</u>	-2.07%
Net Position:							
Net Investment in Capital Assets	2,776,225	2,334,595	3,607	5,240	2,779,832	2,339,835	
Restricted	3,821,153	3,774,076			3,821,153	3,774,076	
Unrestricted/(Deficit)	<u>(458,348)</u>	<u>(705,758)</u>	<u>18,303</u>	<u>535</u>	<u>(440,045)</u>	<u>(705,223)</u>	
Total Net Position	<u>\$ 6,139,030</u>	<u>\$ 5,402,913</u>	<u>\$ 21,910</u>	<u>\$ 5,775</u>	<u>\$ 6,160,940</u>	<u>\$ 5,408,688</u>	13.91%

*Changes in Net Position.* The District's combined net position was \$6,160,940 on June 30, 2022, \$752,252 or 13.91% more than the prior year (See Figure A-3). Net investment in capital assets increased by \$439,997 due to current year depreciation of \$216,401 and capital asset disposals of \$3,432; offset by capital asset additions of \$659,830. Restricted net position increased by \$47,077 primarily due to decreases in the capital and tuition reserves, offset by an increase in excess surplus. Unrestricted net position increased by \$265,178 primarily due to the changes in deferred outflows and inflows and liability related to pensions (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Revenue:							
Program Revenue:							
Charges for Services	\$ 194	\$ 1	\$ 22,614	\$ 87	\$ 22,808	\$ 88	
Grants and Contributions:							
Operating	2,745,091	2,970,266	311,555	68,146	3,056,646	3,038,412	
General Revenue:							
Property Taxes	6,572,446	6,717,893			6,572,446	6,717,893	
Federal and State Aid Not Restricted	1,710,952	1,902,417			1,710,952	1,902,417	
Other	94,551	147,667	20	3	94,571	147,670	
Total Revenue	<u>11,123,234</u>	<u>11,738,244</u>	<u>334,189</u>	<u>68,236</u>	<u>11,457,423</u>	<u>11,806,480</u>	-2.96%
Expenses:							
Instruction	4,271,064	3,954,993			4,271,064	3,954,993	
Pupil and Instruction Services	3,092,494	2,935,626			3,092,494	2,935,626	
Administrative and Business	1,088,146	862,350			1,088,146	862,350	
Maintenance and Operations	747,643	501,886			747,643	501,886	
Transportation	662,371	412,487			662,371	412,487	
Other	525,399	779,640	318,054	91,004	843,453	870,644	
Total Expenses	<u>10,387,117</u>	<u>9,446,982</u>	<u>318,054</u>	<u>91,004</u>	<u>10,705,171</u>	<u>9,537,986</u>	12.24%
Transfer		(9,500)		9,500	-0-	-0-	0.00%
Change in Net Position	<u>\$ 736,117</u>	<u>\$ 2,281,762</u>	<u>\$ 16,135</u>	<u>\$ (13,268)</u>	<u>\$ 752,252</u>	<u>\$ 2,268,494</u>	-66.84%

**Governmental Activities**

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

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

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

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

	Total Cost of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 4,271,064	\$ 3,954,993	\$ 2,461,306	\$ 1,901,586
Pupil and Instruction Services	3,092,494	2,935,626	2,560,863	2,406,836
Administrative and Business	1,088,146	862,350	1,011,148	803,355
Maintenance and Operations	747,643	501,886	747,643	501,886
Transportation	662,371	412,487	335,473	83,412
Other	525,399	779,640	525,399	779,640
	<u>\$ 10,387,117</u>	<u>\$ 9,446,982</u>	<u>\$ 7,641,832</u>	<u>\$ 6,476,715</u>

**Business-Type Activities**

Net position from the District’s business-type activities increased by \$16,135 (Refer to Figure A-4) which is primarily due to the increase in subsidy reimbursements as free meals were served to all students through the Seamless Summer Option (SSO) program.

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

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

**General Fund Budgetary Highlights**

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

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

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Sites (Land)	\$ 45,148	\$ 45,148			\$ 45,148	\$ 45,148	
Site Improvements	115,111	122,483			115,111	122,483	
Buildings and Building Improvements	1,978,886	1,492,979			1,978,886	1,492,979	
Machinery and Equipment	<u>637,080</u>	<u>673,985</u>	\$ 3,607	\$ 5,240	<u>640,687</u>	<u>679,225</u>	
Total Capital Assets (Net of Depreciation)	<u>\$ 2,776,225</u>	<u>\$ 2,334,595</u>	<u>\$ 3,607</u>	<u>\$ 5,240</u>	<u>\$ 2,779,832</u>	<u>\$ 2,339,835</u>	18.80%



The District’s overall capital assets increased by \$439,997 due to current year depreciation of \$216,401 and capital asset disposals of \$3,432, offset by capital asset additions of \$659,830. (More detailed information about the District’s capital assets is presented in Note 5 to the basic financial statements.)

**Long-term Liabilities**

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

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

	Total School District		Total Percentage Change
	2021/2022	2020/2021	
Net Pension Liability	\$ 675,811	\$ 1,033,808	
Other Long-term Liabilities	82,338	77,033	
	<u>\$ 758,149</u>	<u>\$ 1,110,841</u>	-31.75%

- The District’s other long-term liabilities include compensated absences payable which increased \$5,305 during the year.
- In fiscal year 2022, the District had a decrease of \$357,997 in the net pension liability.

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

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

Many factors were considered by the School District's administration during the process of developing the fiscal year 2021-2022 budget. The primary factors were the District's increased projected student population, anticipated reductions in state and federal aid as well as increasing Instruction, Special Education, Operations, Transportation, Benefits, Capital Projects, and Charter School Tuition.

**Contacting the District’s Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,491,915	\$ 78,814	\$ 2,570,729
Internal Balances	29,946	(29,946)	
Receivable from Federal Government	406,687	24,971	431,658
Receivable from State Government	116,223	366	116,589
Other Accounts Receivables		1,894	1,894
Restricted Cash and Cash Equivalents	2,901,153		2,901,153
Capital Assets, Net:			
Sites (Land)	45,148		45,148
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	2,731,077	3,607	2,734,684
Total Assets	<u>8,722,149</u>	<u>79,706</u>	<u>8,801,855</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	467,471		467,471
Total Deferred Outflows of Resources	<u>467,471</u>		<u>467,471</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,203,096	57,796	1,260,892
Payable to Federal Government	1,570		1,570
Unearned Revenue	433,861		433,861
Noncurrent Liabilities:			
Due Beyond One Year	758,149		758,149
Total Liabilities	<u>2,396,676</u>	<u>57,796</u>	<u>2,454,472</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	653,914		653,914
Total Deferred Inflows of Resources	<u>653,914</u>		<u>653,914</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,776,225	3,607	2,779,832
Restricted for:			
Excess Surplus	920,000		920,000
Capital Projects	2,293,297		2,293,297
Maintenance	239,982		239,982
Unemployment Compensation	4,284		4,284
Scholarships	825		825
Student Activities	971		971
Impact Aid	361,794		361,794
Unrestricted/(Deficit)	<u>(458,348)</u>	<u>18,303</u>	<u>(440,045)</u>
Total Net Position	<u>\$ 6,139,030</u>	<u>\$ 21,910</u>	<u>\$ 6,160,940</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 3,471,312		\$ 1,253,874	\$ (2,217,438)		\$ (2,217,438)
Special Education	731,928		539,180	(192,748)		(192,748)
School-Sponsored Instruction	67,824		16,704	(51,120)		(51,120)
<b>Support Services:</b>						
Tuition	1,601,410		132,523	(1,468,887)		(1,468,887)
Student & Instruction Related Services	1,491,084	\$ 194	398,914	(1,091,976)		(1,091,976)
General Administrative Services	440,507		76,998	(363,509)		(363,509)
School Administrative Services	322,862			(322,862)		(322,862)
Central Services	213,270			(213,270)		(213,270)
Administration Information Technology	111,507			(111,507)		(111,507)
Plant Operations and Maintenance	747,643			(747,643)		(747,643)
Pupil Transportation	662,371		326,898	(335,473)		(335,473)
Capital Outlay						
Charter Schools	525,399			(525,399)		(525,399)
<b>Total Governmental Activities</b>	<b>10,387,117</b>	<b>194</b>	<b>2,745,091</b>	<b>(7,641,832)</b>		<b>(7,641,832)</b>
<b>Business-Type Activities:</b>						
Food Service	317,230	11	311,555		\$ (5,664)	(5,664)
Before and After Care	824	22,603			21,779	21,779
<b>Total Business-Type Activities</b>	<b>318,054</b>	<b>22,614</b>	<b>311,555</b>		<b>16,115</b>	<b>16,115</b>
<b>Total Primary Government</b>	<b>10,705,171</b>	<b>22,808</b>	<b>3,056,646</b>	<b>(7,641,832)</b>	<b>16,115</b>	<b>(7,625,717)</b>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Net (Expenses)/Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 6,572,446		\$ 6,572,446
Federal and State Aid Not Restricted	1,710,952		1,710,952
Interest Earnings	772	\$ 20	792
Miscellaneous Income	93,779		93,779
	8,377,949	20	8,377,969
Total General Revenues			
Change in Net Position	736,117	16,135	752,252
Net Position - Beginning	5,402,913	5,775	5,408,688
Net Position - Ending	\$ 6,139,030	\$ 21,910	\$ 6,160,940

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

## **FUND FINANCIAL STATEMENTS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,491,915		\$ 2,491,915
Interfund Receivable	72,120		72,120
Receivables from Federal Government		\$ 406,687	406,687
Receivables from State Government	116,223		116,223
Restricted Cash and Cash Equivalents	2,899,357	1,796	2,901,153
<b>Total Assets</b>	<b>\$ 5,579,615</b>	<b>\$ 408,483</b>	<b>\$ 5,988,098</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable		\$ 42,174	\$ 42,174
Payable to Federal Government		1,570	1,570
Accounts Payable	\$ 1,109,341	195	1,109,536
Unearned Revenue		433,861	433,861
<b>Total Liabilities</b>	<b>1,109,341</b>	<b>477,800</b>	<b>1,587,141</b>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Excess Surplus - For 2023-2024	460,000		460,000
Excess Surplus - For 2022-2023	460,000		460,000
Capital Reserve	2,293,297		2,293,297
Maintenance Reserve	239,982		239,982
Impact Aid General Fund Reserve	361,794		361,794
Unemployment Compensation	4,284		4,284
Scholarships		825	825
Student Activities		971	971
<b>Assigned:</b>			
Other Purposes	403,427		403,427
Unassigned/(Deficit)	247,490	(71,113)	176,377
<b>Total Fund Balances/(Deficit)</b>	<b>4,470,274</b>	<b>(69,317)</b>	<b>4,400,957</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,579,615</b>	<b>\$ 408,483</b>	

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	2,776,225
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 6).	(82,338)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(675,811)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds	(280,003)
<b>Net Position of Governmental Activities</b>	<b>\$ 6,139,030</b>

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



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 6,572,446		\$ 6,572,446
Interest Earned	772		772
Restricted Miscellaneous Revenue		\$ 194	194
Miscellaneous	93,779		93,779
Total - Local Sources	6,666,997	194	6,667,191
State Sources	3,500,660	584,746	4,085,406
Federal Sources	165,599	465,867	631,466
Total Revenues	10,333,256	1,050,807	11,384,063
<b>EXPENDITURES</b>			
Current:			
Regular Instruction	1,633,801	645,930	2,279,731
Special Education Instruction	420,367	85	420,452
School Sponsored Instruction	40,149		40,149
Support Services and Undistributed Costs:			
Tuition	1,546,137	55,273	1,601,410
Student and Other Instruction Related Services	814,542	403,187	1,217,729
General Administrative Services	361,886		361,886
School Administrative Services	192,639		192,639
Central Services	159,368		159,368
Administration Information Technology	91,690		91,690
Plant Operations and Maintenance	656,118		656,118
Pupil Transportation	563,301		563,301
Unallocated Benefits	2,476,289		2,476,289
Transfer to Charter Schools	525,399		525,399
Capital Outlay	665,570	12,400	677,970
Total Expenditures	10,147,256	1,116,875	11,264,131
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	186,000	(66,068)	119,932
<b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers	(67,440)	67,440	
Total Other Financing Sources/(Uses)	(67,440)	67,440	
Net Change in Fund Balances	118,560	1,372	119,932
Fund Balance/(Deficit) — July 1	4,351,714	(70,689)	4,281,025
Fund Balance/(Deficit) — June 30	\$ 4,470,274	\$ (69,317)	\$ 4,400,957

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 119,932

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

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

	Depreciation expense	\$ (214,768)	
Deletion of Capital Assets, net of Accumulated Depreciation		(3,432)	
	Capital Outlays	659,830	441,630

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 (+). (5,305)

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	357,997
Changes in Deferred Outflows and Inflows Related to Pensions	(178,137)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 736,117

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Total Enterprise</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 52,363	\$ 26,451	\$ 78,814
Intergovernmental Receivable:			
Federal	24,971		24,971
State	366		366
Other Accounts Receivable	1,894		1,894
<b>Total Current Assets</b>	<b>79,594</b>	<b>26,451</b>	<b>106,045</b>
Non-Current Assets:			
Capital Assets	22,205		22,205
Less: Accumulated Depreciation	(18,598)		(18,598)
<b>Total Non-Current Assets</b>	<b>3,607</b>		<b>3,607</b>
<b>Total Assets</b>	<b>83,201</b>	<b>26,451</b>	<b>109,652</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Payable - General Fund	29,946		29,946
Accounts Payable	57,796		57,796
<b>Total Current Liabilities</b>	<b>87,742</b>		<b>87,742</b>
<b>NET POSITION:</b>			
Investment in Capital Assets	3,607		3,607
Unrestricted/(Deficit)	(8,148)	26,451	18,303
<b>Total Net Position/(Deficit)</b>	<b>\$ (4,541)</b>	<b>\$ 26,451</b>	<b>\$ 21,910</b>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Major Fund</u>		<u>Total</u>
	<u>Food</u>		<u>Enterprise</u>
	<u>Service</u>	<u>Non-Major Fund</u>	
Operating Revenue:			
Miscellaneous Revenue	\$ 11		\$ 11
Program Fees		\$ 22,603	22,603
Total Operating Revenue	<u>11</u>	<u>22,603</u>	<u>22,614</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	296,520		296,520
Salaries	18,549		18,549
Supplies	131		131
Miscellaneous Expenditures	397	824	1,221
Depreciation Expense	1,633		1,633
Total Operating Expenses	<u>317,230</u>	<u>824</u>	<u>318,054</u>
Operating Income/(Loss)	<u>(317,219)</u>	<u>21,779</u>	<u>(295,440)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	16	4	20
State Sources:			
COVID-19 - Seamless Summer Option	4,818		4,818
Federal Sources:			
COVID-19 - Seamless Summer Option	306,109		306,109
COVID-19 - P-EBT Reimbursement	628		628
Total Non-Operating Revenue	<u>311,571</u>	<u>4</u>	<u>311,575</u>
Change in Net Position	(5,648)	21,783	16,135
Net Position - Beginning of Year	<u>1,107</u>	<u>4,668</u>	<u>5,775</u>
Net Position/(Deficit) - End of Year	<u>\$ (4,541)</u>	<u>\$ 26,451</u>	<u>\$ 21,910</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		
	Major Fund		Total Enterprise
	Food Service	Non-Major Fund	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 11	\$ 22,603	\$ 22,614
Payments to Employees Salaries and Benefits	(18,549)		(18,549)
Payments to Suppliers for Goods and Services	(251,959)	(824)	(252,783)
Net Cash Provided by/(Used for) Operating Activities	(270,497)	21,779	(248,718)
Cash Flows from Noncapital and Financing Activities:			
State Sources	7,347		7,347
Federal Sources	290,256		290,256
Transfers:			
Interfund Returned - General Fund	(8,480)		(8,480)
Interfund Advanced - General Fund	33,721		33,721
Net Cash Provided by Noncapital Financing Activities	322,844		322,844
Cash Flows from Investment Activities:			
Interest Income	16	4	20
Net Cash Provided by Investing Activities	16	4	20
Net Increase in Cash and Cash Equivalents	52,363	21,783	74,146
Cash and Cash Equivalents, July 1		4,668	4,668
Cash and Cash Equivalents, June 30	\$ 52,363	\$ 26,451	\$ 78,814
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (317,219)	\$ 21,779	(295,440)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	1,633		1,633
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	1,896		1,896
Increase in Accounts Payable	43,193		43,193
Net Cash Provided by/(Used for) Operating Activities	\$ (270,497)	\$ 21,779	\$ (248,718)

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,313,313	\$ 988,323
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Cancellation of Prior Year Encumbrances		(333)
Prior Year Encumbrances		60,767
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	225,920	73,163
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(205,977)	(71,113)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 10,333,256	\$ 1,050,807

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,147,256	\$ 1,056,441
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Prior Year Encumbrances		60,767
Cancellation of Prior Year Encumbrances		(333)
	\$ 10,147,256	\$ 1,116,875
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and Cash Equivalents and Investments:

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

F. Interfund Transactions:

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

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term or more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Lease Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

N. Long Term Liabilities:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

O. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2022, the amount earned by these employees, but not disbursed was \$193,262.

P. 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.

Q. 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.

R. Fund Balance Appropriated:

General Fund: Of the \$4,470,274 General Fund fund balance at June 30, 2022, \$403,427 is assigned for encumbrances; \$2,293,297 is restricted in the capital reserve account; \$361,794 is restricted in the impact aid general fund reserve account; \$239,982 is restricted in the maintenance reserve account; \$4,284 is restricted for unemployment compensation; \$460,000 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated as revenue in the fiscal year ending June 30, 2023; \$460,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated as revenue in the fiscal year ending June 30, 2024; and \$247,490 is unassigned fund balance which is \$205,977 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: Of the deficit (\$69,317) Special Revenue Fund fund balance at June 30, 2022, \$825 is restricted for scholarships; \$971 is restricted for student activities; and (\$71,113) is unassigned, which is \$71,113 less, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

R. Fund Balance Appropriated: (Cont'd):

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

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, capital reserve, maintenance reserve, impact aid general fund reserve, student activities, scholarships, and unemployment compensation.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2022.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances at June 30, 2022.

T. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources related to pensions at June 30, 2022.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

T. Net Position: (Cont'd)

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, lease assets, net of accumulated amortization 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.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$458,348 in governmental activities, which is due primarily to deferred outflows and inflows of resources related to pensions and the net pension liability. The District has a \$71,113 deficit fund balance in the Special Revenue Fund due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2023. This deficit does not indicate that the District is facing financial difficulties and are a permitted practice by generally accepted accounting principles.

The District also has a deficit in unrestricted net position of \$8,148 in the Food Service Fund, which the District will make a district contribution towards in the subsequent year.

V. Revenue - Exchange and Nonexchange Transactions:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

V. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

W. Operating Revenue and Expenses:

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

X. 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.

Y. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investments section of this note.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

Investments: (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Restricted	Unrestricted	
Checking and Savings Accounts	\$ 2,901,153	\$ 2,516,682	\$ 5,417,835
New Jersey Cash Management Fund		54,047	54,047
	\$ 2,901,153	\$ 2,570,729	\$ 5,471,882

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$5,471,882 and the bank balance was \$5,878,781. The \$54,047 in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question on the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1g, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 2,585,115
Add:	
Interest Earnings	772
Return of Unexpended Balance from Capital Outlay	1,396,885
Transfer from Unassigned Fund Balance by Board Resolution - June 29, 2022	586,110
Less:	
Budgeted Withdrawal	(2,275,585)
Ending Balance, June 30, 2022	\$ 2,293,297

The balance in the capital reserve account at June 30, 2022 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 45,148			\$ 45,148
Total Capital Assets Not Being Depreciated	<u>45,148</u>			<u>45,148</u>
Capital Assets Being Depreciated:				
Site Improvements	242,906			242,906
Buildings and Building Improvements	4,235,784	\$ 611,475		4,847,259
Machinery and Equipment	1,088,599	48,355	\$ (80,036)	1,056,918
Total Capital Assets Being Depreciated	<u>5,567,289</u>	<u>659,830</u>	<u>(80,036)</u>	<u>6,147,083</u>
Governmental Activities Capital Assets	<u>5,612,437</u>	<u>659,830</u>	<u>(80,036)</u>	<u>6,192,231</u>
Less Accumulated Depreciation for:				
Site Improvements	(120,423)	(7,372)		(127,795)
Buildings and Building Improvements	(2,742,805)	(125,568)		(2,868,373)
Machinery and Equipment	(414,614)	(81,828)	76,604	(419,838)
	<u>(3,277,842)</u>	<u>(214,768)</u>	<u>76,604</u>	<u>(3,416,006)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,334,595</u>	<u>\$ 445,062</u>	<u>\$ (3,432)</u>	<u>\$ 2,776,225</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 22,205			\$ 22,205
Less Accumulated Depreciation	(16,965)	\$ (1,633)		(18,598)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,240</u>	<u>\$ (1,633)</u>	<u>\$ -0-</u>	<u>\$ 3,607</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 82,804
Special Education	9,013
School Sponsored Instruction	515
Student and Instruction Related Services	41,417
General Administrative Services	20,266
School Administrative Services	154
Central Services	6,757
Administration Information Technology	4,011
Plant Operations and Maintenance	23,805
Pupil Transportation	26,026
	<u>\$ 214,768</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022
Net Pension Liability	\$ 1,033,808		\$ 357,997	\$ 675,811
Compensated Absences Payable	77,033	\$ 5,305		82,338
	<u>\$ 1,110,841</u>	<u>\$ 5,305</u>	<u>\$ 357,997</u>	<u>\$ 758,149</u>

A. Bonds Payable:

The Board had no bonds payable as of June 30, 2022.

B. Bonds Authorized But Not Issued:

The Board had no bonds authorized but not issued as of June 30, 2022.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance is \$-0- and the long-term portion of compensated absences is \$82,338. The General Fund will be used to liquidate compensated absences payable. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$675,811. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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:

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

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

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 \$67,136 for fiscal year 2022. The employee contribution rate was 7.50% effective July 1, 2018.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

At June 30, 2022, the District reported a liability of \$675,811 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 July 1, 2020 which was rolled forward to 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 0.0057%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized a pension benefit of \$113,051. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 28,560
	2018	5.63		53,544
	2019	5.21		47,235
	2020	5.16		111,254
	2021	5.13	\$ 3,520	
			<u>3,520</u>	<u>240,593</u>
Difference Between Expected and Actual Experience	2017	5.48	849	
	2018	5.63		2,039
	2019	5.21	3,611	
	2020	5.16	6,198	
	2021	5.13		2,799
			<u>10,658</u>	<u>4,838</u>
Changes in Proportion	2017	5.00		27,668
	2018	5.63		82,270
	2019	5.21		9,062
	2020	5.16	359,733	
	2021	5.13		111,457
			<u>359,733</u>	<u>230,457</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		5,279
	2019	5.00		(1,703)
	2020	5.00		(38,389)
	2021	5.00		212,839
				<u>178,026</u>
Contribution Made Subsequent to the Measurement Date	2021	1.00	93,560	
			<u>\$ 467,471</u>	<u>\$ 653,914</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (159,462)
2023	(113,855)
2024	(77,630)
2025	(58,355)
2026	23
	\$ (409,279)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. 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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 920,827	\$ 675,811	\$ 468,572

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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$863,244 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$239,801.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$10,191,089. 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 July 1, 2020 which was rolled forward to 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 0.0212%, which was an increase of 0.0007% from its proportion measured as of June 30, 2020.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	10,191,089
Total	<u>\$ 10,191,089</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$239,801 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			<u>2,854,036,178</u>	
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

NOTE 7. 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 12,057,763	\$ 10,191,089	\$ 8,623,202

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$4,175 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$5,669 for the year ended June 30, 2022.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

Summarized financial information for the Group as of June 30, 2022 is as follows:

Total Assets	\$ 419,556,712
Net Position	\$ 184,982,708
Total Revenue	\$ 136,489,970
Total Expenses	\$ 123,329,498
Change in Net Position	\$ 13,160,472
Member Dividends	\$ -0-

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

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



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 17,018	\$ -0-	\$ -0-	\$ 17,018	\$ 4,284
2020-2021	16,000	-0-	-0-	12,089	4,284
2019-2020	12,000	1	-0-	11,795	373

NOTE 9. ECONOMIC DEPENDENCY

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

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2022 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 72,120	
Special Revenue Fund		\$ 42,174
Proprietary Fund - Food Service Fund		29,946
	<u>\$ 72,120</u>	<u>\$ 72,120</u>

The interfund between the General Fund and Food Service Fund is due to expenditures being paid out of the General Fund on behalf of the Food Service Fund. The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. This deficit is due to the timing between expenditure and reimbursement from the State of New Jersey on grants.

NOTE 11. DEFERRED COMPENSATION

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

- AXA Equitable Financial
- Lincoln Life Financial

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

NOTE 12. TAX CALENDAR

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

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

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds.

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Vendors	\$ 403,427	\$ 403,427

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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(Continued)

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2022:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Food Service Fund</u>
Due to State of New Jersey			\$ 93,560	\$ 93,560	
Vendors	\$ 913,306	\$ 195		913,501	\$ 57,796
Payroll Deductions and Withholdings	2,773			2,773	
Accrued Salaries and Wages	193,262			193,262	
	<u>\$ 1,109,341</u>	<u>\$ 195</u>	<u>\$ 93,560</u>	<u>\$ 1,203,096</u>	<u>\$ 57,796</u>

NOTE 15. IMPACT AID GENERAL FUND RESERVE ACCOUNT

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

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

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

The activity of the impact aid general fund reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 349,562
Add:	
Transfer by Board Resolution	165,599
Less:	
Budgeted Withdrawal	<u>(153,367)</u>
Ending Balance, June 30, 2022	<u>\$ 361,794</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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NOTE 16. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

NOTE 16. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 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 following actuarial assumptions, applied to all periods in the measurement.

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
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(Continued)

NOTE 16. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

The discount rate for June 30, 2020 was 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.

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 10,120,597
Changes for Year:	
Service Cost	334,811
Interest on the Total OPEB Liability	361,472
Difference between Actual and Expected Experience	1,906,513
Changes of Assumptions	2,786,002
Contributions from Members	8,048
Gross Benefit Payments by the State	(265,523)
Net Changes	5,131,323
Balance at June 30, 2020	\$ 15,251,920

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	\$ 18,386,977	\$ 15,251,920

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 16. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 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	\$ 12,311,864	\$ 15,251,920	\$ 18,752,873

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$567,148 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 had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 925,614
	2018	9.51		814,716
	2019	9.29	\$ 109,816	
	2020	9.24	2,484,485	
			2,594,301	1,740,330
Differences between Expected and Actual Experience	2018	9.51		770,160
	2019	9.29		1,292,529
	2020	9.24	2,315,639	
			2,315,639	2,062,689
Changes in Proportion	N/A	N/A	319,552	1,302,789
			\$ 5,229,492	\$ 5,105,808

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 16. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ 9,769
2022	9,771
2023	9,771
2024	9,771
2025	9,771
Thereafter	1,058,068
	\$ 1,106,921

NOTE 17. MAINTENANCE RESERVE ACCOUNT

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

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

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

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



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 17. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 239,982
Ending Balance, June 30, 2022	<u>\$ 239,982</u>

NOTE 18. TUITION RESERVE ACCOUNT

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

The activity of the tuition reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 132,659
Less:	
Budgeted Withdrawal	<u>(132,659)</u>
Ending Balance, June 30, 2022	<u>\$ -0-</u>

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0053582936%	0.0063070832%	0.0065335359%	0.0050846660%	0.0038247595%	0.0037304202%	0.0063395062%	0.0057047284%
District's proportionate share of the net pension liability	\$ 1,003,219	\$ 1,415,814	\$ 1,935,046	\$ 1,183,629	\$ 753,076	\$ 672,165	\$ 1,033,808	\$ 675,811
District's covered employee payroll	\$ 397,514	\$ 432,817	\$ 358,746	\$ 274,429	\$ 244,698	\$ 391,536	\$ 404,016	\$ 489,963
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	252.37%	327.12%	539.39%	431.31%	307.76%	171.67%	255.88%	137.93%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 44,173	\$ 54,224	\$ 58,390	\$ 47,842	\$ 38,318	\$ 37,388	\$ 69,351	\$ 67,136
Contributions in relation to the contractually required contribution	(44,173)	(54,224)	(58,390)	(47,842)	(38,318)	(37,388)	(69,351)	(67,136)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 432,817	\$ 358,746	\$ 274,429	\$ 244,698	\$ 391,536	\$ 404,016	\$ 489,963	\$ 735,542
Contributions as a percentage of covered employee payroll	10.21%	15.11%	21.28%	19.55%	9.79%	9.25%	14.15%	9.13%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.0252718611%	0.0245993334%	0.0250369653%	0.0230261706%	0.0226066879%	0.0201723120%	0.0204544427%	0.0211982296%
State's proportionate share of the net pension liability attributable to the District	\$ 13,506,987	\$ 15,547,829	\$ 19,695,671	\$ 15,525,075	\$ 14,381,889	\$ 12,379,938	\$ 13,469,004	\$ 10,191,089
District's covered employee payroll	\$ 2,495,206	\$ 2,531,867	\$ 2,402,629	\$ 2,246,299	\$ 2,357,053	\$ 2,105,058	\$ 2,210,348	\$ 2,344,738
State's proportionate share of the net pension liability attributable to the District as a percentage of the covered employee payroll	541.32%	614.09%	819.75%	691.14%	610.16%	588.10%	609.36%	434.64%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 726,803	\$ 949,335	\$ 1,479,856	\$ 1,075,499	\$ 838,414	\$ 730,202	\$ 837,560	\$ 239,801
Contributions in relation to the contractually required contribution	(132,993)	(200,456)	(249,943)	(332,917)	(396,740)	(448,645)	(616,207)	(863,244)
Contribution deficiency/(excess)	<u>\$ 593,810</u>	<u>\$ 748,879</u>	<u>\$ 1,229,913</u>	<u>\$ 742,582</u>	<u>\$ 441,674</u>	<u>\$ 281,557</u>	<u>\$ 221,353</u>	<u>\$ (623,443)</u>
Districts covered employee payroll	\$ 2,531,867	\$ 2,402,629	\$ 2,246,299	\$ 2,357,053	\$ 2,105,058	\$ 2,210,348	\$ 2,344,738	\$ 2,606,029
Contributions as a percentage of covered employee payroll	5.25%	8.34%	11.13%	14.12%	18.85%	20.30%	26.28%	33.12%

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

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

	Fiscal Year Ending			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 428,616	\$ 358,078	\$ 302,328	\$ 334,811
Interest Cost	407,920	470,769	450,257	361,472
Differences between Expected and Actual Experience		(672,153)	(1,962,940)	1,906,513
Changes in Assumptions	(1,636,770)	(1,317,561)	150,899	2,786,002
Member Contributions	11,035	10,611	9,209	8,048
Gross Benefit Payments	(299,690)	(307,012)	(310,672)	(265,523)
Net Change in Total OPEB Liability	(1,088,889)	(1,457,268)	(1,360,919)	5,131,323
Total OPEB Liability - Beginning	14,027,673	12,938,784	11,481,516	10,120,597
Total OPEB Liability - Ending	<u>\$ 12,938,784</u>	<u>\$ 11,481,516</u>	<u>\$ 10,120,597</u>	<u>\$ 15,251,920</u>
District's Covered Employee Payroll	\$ 2,520,728	\$ 2,601,751	\$ 2,496,594	\$ 2,614,364
Total OPEB Liability as a Percentage of Covered Employee Payroll	513%	441%	405%	583%

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 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.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Changes of Actuarial Assumptions (Cont'd)

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

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

The health care trend rates in the valuation as of June 30, 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 eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

## **BUDGETARY COMPARISON SCHEDULES**

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues from Local Sources:</b>					
Local Tax Levy	\$ 6,572,446		\$ 6,572,446	\$ 93,779	\$ 93,779
Unrestricted Miscellaneous Revenues	120		120		(120)
Interest Earned on Maintenance Reserve	700		700	772	72
Interest Earned on Capital Reserve Funds					
<b>Total Revenues from Local Sources</b>	<b>6,573,266</b>		<b>6,573,266</b>	<b>6,666,997</b>	<b>93,731</b>
<b>Revenues from State Sources:</b>					
Categorical Transportation Aid	326,614		326,614	326,614	
Extraordinary Aid				95,886	95,886
Categorical Special Education Aid	257,132		257,132	257,132	
Equalization Aid	1,425,212		1,425,212	1,425,212	
Categorical Security Aid	100,706		100,706	100,706	
TPAF Post Retirement Contributions (Non-Budgeted)				204,534	204,534
TPAF Pension Contributions (Non-Budgeted)				863,244	863,244
TPAF Non-Contributory Insurance (Non-Budgeted)				12,179	12,179
TPAF Long-Term Disability Insurance (Non-Budgeted)				473	473
Reimbursed TPAF Social Security Contributions				194,737	194,737
<b>Total Revenues from State Sources</b>	<b>2,109,664</b>		<b>2,109,664</b>	<b>3,480,717</b>	<b>1,371,053</b>
<b>Revenues from Federal Sources:</b>					
IMPACT AID - 8002 OR 8003 General				165,599	165,599
<b>Total Revenues from Federal Sources</b>				<b>165,599</b>	<b>165,599</b>
<b>TOTAL REVENUE</b>	<b>8,682,930</b>		<b>8,682,930</b>	<b>10,313,313</b>	<b>1,630,383</b>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 66,315	\$ (66,315)			
Kindergarten - Salaries of Teachers	266,316	(64,987)	\$ 201,329	\$ 201,329	
Grades 1-5 - Salaries of Teachers	826,841	(60,692)	766,149	728,349	\$ 37,800
Grades 6-8 - Salaries of Teachers	501,618	(69,875)	431,743	431,743	
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services		3,254	3,254	1,155	2,099
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		153,169	153,169	153,169	
Purchased Professional-Educational Services		558	558	558	
Purchased Technical Services	41,500	(6,109)	35,391	35,391	
Other Purchased Services (400-500 series)	2,000	(2,000)			
General Supplies	93,155	(15,907)	77,248	72,244	5,004
Other Objects	23,000	(9,967)	13,033	9,863	3,170
Total Regular Programs - Instruction	1,820,745	(138,871)	1,681,874	1,633,801	48,073
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	220,400	197,656	418,056	418,056	
General Supplies	5,297	(2,986)	2,311	2,311	
Total Resource Room/Resource Center	225,697	194,670	420,367	420,367	
Extended School Year:					
Purchased Professional-Educational Services	1,250	(1,250)			
Total Extended School Year	1,250	(1,250)			
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	226,947	193,420	420,367	420,367	

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 14,000	\$ 12,074	\$ 26,074	\$ 26,074	
Purchased Services (300-500 series)		300	300	300	
Supplies and Materials		57	57	57	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	14,000	12,431	26,431	26,431	
School-Sponsored Athletics - Instruction:					
Salaries	16,000	(4,500)	11,500	11,500	
Purchased Services (300-500 series)		465	465	465	
Supplies and Materials		1,643	1,643	1,643	
Other Objects		110	110	110	
Total School-Sponsored Athletics - Instruction	16,000	(2,282)	13,718	13,718	
<b>TOTAL INSTRUCTION</b>	<b>2,077,692</b>	<b>64,698</b>	<b>2,142,390</b>	<b>2,094,317</b>	<b>\$ 48,073</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	1,334,888	(85,287)	1,249,601	1,067,258	182,343
Tuition to Other LEAs Within the State-Special	344,826	75,852	420,678	246,134	174,544
Tuition to County Voc. School Dist.-Regular	78,760	15,038	93,798	92,408	1,390
Tuition to Priv. Sch. for the Handicap. W/I State	403,077	(169,525)	233,552	100,465	133,087
Tuition - State Facilities	39,872		39,872	39,872	
Total Undistributed Expenditures - Instruction	2,201,423	(163,922)	2,037,501	1,546,137	491,364
Undistributed Expend. - Attend. & Social Work:					
Salaries	36,500	(36,500)			
Total Undist. Expend. - Attendance and Social Work	36,500	(36,500)			
Undistributed Expenditures - Health Services:					
Salaries	70,008	2,730	72,738	72,738	
Purchased Professional and Technical Services	10,000	(7,500)	2,500	2,500	

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services: (Cont'd)					
Other Purchased Services (400-500 series)					
Supplies and Materials	\$ 10,000	\$ 1,212	\$ 1,212	\$ 1,212	\$ 1,829
Other Objects		(3,318)	6,682	4,853	
Total Undist. Expenditures - Health Services	90,008	913	84,045	82,216	1,829
		(5,963)			
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	68,008	1,298	69,306	69,306	
Purchased Professional - Educational Services	224,400	(20,682)	203,718	203,718	
Supplies and Materials	2,500	(1,615)	885	885	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	294,908	(20,999)	273,909	273,909	
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	86,620	(84,954)	1,666	1,666	
Purchased Professional - Educational Services		5,250	5,250	5,250	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	86,620	(79,704)	6,916	6,916	
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	32,000	(3,230)	28,770	28,770	
Supplies and Materials		1,170	1,170	1,160	10
Total Undist Expend. - Guidance	32,000	(2,060)	29,940	29,930	10
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	110,008	(44,758)	65,250	65,250	
Salaries of Secretarial and Clerical Assistants	11,400	(4,000)	7,400	7,334	66
Purchased Professional - Educational Services	1,200	4,658	5,858	2,733	3,125
Other Purchased Services (400-500 series)	3,600	59,821	63,421	63,050	371
Supplies and Materials	3,000	(720)	2,280	1,415	865
Other Objects	200	135	335	335	
Total Undist Expend. - Child Study Team	129,408	15,136	144,544	140,117	4,427

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 71,000	\$ 45,063	\$ 116,063	\$ 101,663	\$ 14,400
Salaries of Other Professional Staff	41,000	60,250	101,250	101,250	
Salaries of Secretarial and Clerical Assistants		2,250	2,250	2,250	
Other Purchased Services (400-500 series)	2,400		2,400	2,001	399
Supplies and Materials	6,000	(6,000)			
Total Undist. Expend.-Improv. of Inst. Serv.	120,400	101,563	221,963	207,164	14,799
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	63,000	4,250	67,250	67,250	
Supplies and Materials	3,500	(2,283)	1,217	1,209	8
Other Objects		65	65	65	
Total Undist Expend-Edu. Media Serv./Sch. Library	66,500	2,032	68,532	68,524	8
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Prof. And Tech. Services	600	50	650	650	
Other Purchased Services (400-500 series)	6,300		6,300	5,116	1,184
Total Undist.Expend.-Instructional Staff Training Services	6,900	50	6,950	5,766	1,184
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	101,700	91,367	193,067	166,934	26,133
Legal Services	61,000	35,769	96,769	96,769	
Audit Fees	29,900	5,000	34,900	34,900	
Architectural/Engineering Services	2,000	(225)	1,775		1,775
Other Purchased Professional Services		500	500	500	
Communications / Telephone	21,000	3,915	24,915	24,915	
BOE Other Purchased Services	16,000	(14,700)	1,300	1,153	147
Other Purch. Serv. (400-500 series other than 530 & 585)	6,100	12,556	18,656	17,086	1,570
General Supplies	2,500		2,500	803	1,697

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.: (Cont'd)					
Judgments Against The School District	\$ 20,000	\$ (5,880)	\$ 14,120	\$ 13,891	\$ 14,120
Miscellaneous Expenditures	1,000	12,891	13,891		
BOE Membership Dues and Fees	8,000	(3,065)	4,935	4,935	
Total Undist. Expend.-Support Serv.-Gen. Admin.	269,200	138,128	407,328	361,886	45,442
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	85,000	88,200	173,200	173,200	
Salaries of Secretarial and Clerical Assistants		15,433	15,433	14,917	516
Supplies and Materials		4,522	4,522	4,522	
Total Undist. Expend.-Support Serv.-School Adm.	85,000	108,155	193,155	192,639	516
Undist. Expend. - Central Services:					
Salaries	132,600	4,656	137,256	137,256	
Purchased Professional Services	2,500		2,500	736	1,764
Purchased Technical Services		32,906	32,906	17,831	15,075
Miscellaneous Purchased Services (400-500 series other than 594)	1,350	199	1,549	1,172	377
Supplies and Materials	1,600		1,600	1,195	405
Other Objects	2,300	(1,002)	1,298	1,178	120
Total Undist. Expend. - Central Services	140,350	36,759	177,109	159,368	17,741
Undist. Expend. - Admin. Info. Technology:					
Salaries	41,000	4,583	45,583	45,583	
Purchased Professional Services		2,500	2,500	2,500	
Purchased Technical Services	14,000	17,300	31,300	31,300	
Other Purchased Services (400-500 series)	1,500	7,236	8,736	8,736	
Supplies and Materials	8,056	(4,485)	3,571	3,571	
Total Undist. Expend. - Admin. Info. Technology	64,556	27,134	91,690	91,690	



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries		\$ 112,942	\$ 112,942	\$ 112,942	
Cleaning, Repair, and Maintenance Services	\$ 113,835	18,500	132,335	127,839	\$ 4,496
Lead Testing of Drinking Water		3,389	3,389	3,389	
General Supplies	6,400	7,871	14,271	14,271	
Other Objects		824	824	824	
Total Undist. Expend.- Required Maint. for School Facilities	120,235	143,526	263,761	259,265	4,496
Undist. Expend.-Custodial Services:					
Salaries	154,020	(96,649)	57,371	53,695	3,676
Salaries of Non-Instructional Aides	55,640	(38,629)	17,011	17,011	
Purchased Professional and Technical Services	25,000	(13,909)	11,091	11,091	
Cleaning, Repair, and Maintenance Services	86,000	18,523	104,523	104,384	139
Other Purchased Property Services	8,800	(877)	7,923	7,569	354
Insurance	56,000		56,000	36,697	19,303
Miscellaneous Purchased Services	7,000	14,841	21,841	21,841	
General Supplies	52,000	(29,794)	22,206	19,483	2,723
Energy (Natural Gas)	76,000	(15,002)	60,998	49,384	11,614
Energy (Electricity)	42,000	6,121	48,121	48,121	
Energy (Gasoline)	12,000	(8,849)	3,151		3,151
Other Objects	2,000	(2,000)			
Total Undist. Expend.-Custodial Services	576,460	(166,224)	410,236	369,276	40,960
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	1,500	11,300	12,800	12,030	770
General Supplies	2,500		2,500	1,859	641
Other Objects	2,500	(1,250)	1,250	85	1,165
Total Care And Upkeep Of Grounds	6,500	10,050	16,550	13,974	2,576

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 60,000	\$ (60,000)			
Cleaning, Repair, and Maintenance Services		13,213	\$ 13,213	\$ 13,213	
General Supplies	2,000	(851)	1,149	390	\$ 759
Total Security	62,000	(47,638)	14,362	13,603	759
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	765,195	(60,286)	704,909	656,118	48,791
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	84,820	108,184	193,004	193,004	
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	46,400	(30,614)	15,786	15,786	
Management Fee - ESC&CTSA Transportation Program	9,783	(9,783)			
Cleaning, Repair, and Maint. Services	36,000	(21,026)	14,974	14,974	
Rental Payments - School Buses	6,000	(4,243)	1,757	1,757	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studis	18,000		18,000	15,178	2,822
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	2,000	5,000	7,000	7,000	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	20,000	(19,632)	368	368	
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	14,000	(7,000)	7,000	7,000	
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	64,501	(64,501)			
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	244,590	(14,157)	230,433	230,433	
Misc. Purchased Serv. - Transportation		11,815	11,815	11,807	8
General Supplies	96,000	(30,157)	65,843	63,218	2,625
Transportation Supplies	26,000	(23,746)	2,254	2,254	
Other Objects	8,000	(6,618)	1,382	522	860
Total Undist. Expend.-Student Trans. Serv.	676,094	(106,478)	569,616	563,301	6,315
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Unused Sick Payment to Terminated/Retired Staff	30,000	(29,752)	248	248	
Total Regular Programs - Instruction	30,000	(29,752)	248	248	

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL ALLOCATED BENEFITS	\$ 30,000	\$ (29,752)	\$ 248		\$ 248
UNALLOCATED BENEFITS					
Social Security Contributions	57,630	53,463	111,093	\$ 105,101	5,992
Other Retirement Contributions - PERS	66,507	629	67,136	67,136	
Other Retirement Contributions - Regular		4,175	4,175	4,175	
Unemployment Compensation	14,300	2,718	17,018	17,018	
Workers Compensation	46,000		46,000	29,772	16,228
Health Benefits	1,191,749	(19,174)	1,172,575	977,672	194,903
Tuition Reimbursement	18,500	(16,269)	2,231	248	2,231
Other Employee Benefits	36,500	(28,136)	8,364	248	8,116
TOTAL UNALLOCATED BENEFITS	1,431,186	(2,594)	1,428,592	1,201,122	227,470
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				204,534	(204,534)
TPAF Pension Contributions (Non-Budgeted)				863,244	(863,244)
TPAF Non-Contributory Insurance (Non-Budgeted)				12,179	(12,179)
TPAF Long-Term Disability Insurance (Non-Budgeted)				473	(473)
Reimbursed TPAF Social Security Contributions				194,737	(194,737)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				1,275,167	(1,275,167)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,461,186	(32,346)	1,428,840	2,476,289	(1,047,449)
TOTAL UNDISTRIBUTED EXPENDITURES	6,526,248	(79,301)	6,446,947	6,861,970	(415,023)
TOTAL GENERAL CURRENT EXPENSE	8,603,940	(14,603)	8,589,337	8,956,287	(366,950)

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	\$ 35,750	\$ (15,753)	\$ 19,997	\$ 3,280	\$ 16,717
Undistributed:					
Undistributed Expenditures - School Admin.		4,773	4,773	4,773	
Undist. Expend. - Required Maint for School Fac.		15,595	15,595	15,595	
Total Equipment	<u>35,750</u>	<u>4,615</u>	<u>40,365</u>	<u>23,648</u>	<u>16,717</u>
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	213,800	(45,844)	167,956	96,000	71,956
Construction Services	2,157,785		2,157,785	503,700	1,654,085
Other Objects		41,229	41,229	41,229	
Assessment for Debt Service on SDA Funding	993		993	993	
Total Facilities Acquisition and Const. Serv.	<u>2,372,578</u>	<u>(4,615)</u>	<u>2,367,963</u>	<u>641,922</u>	<u>1,726,041</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>2,408,328</u>		<u>2,408,328</u>	<u>665,570</u>	<u>1,742,758</u>
Transfer of Funds to Charter Schools	<u>556,639</u>		<u>556,639</u>	<u>525,399</u>	<u>31,240</u>
<b>TOTAL EXPENDITURES</b>	<u>11,568,907</u>	<u>(14,603)</u>	<u>11,554,304</u>	<u>10,147,256</u>	<u>1,407,048</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(2,885,977)</u>	<u>14,603</u>	<u>(2,871,374)</u>	<u>166,057</u>	<u>(3,037,431)</u>
Other Financing Sources/(Uses):					
Local Contribution - Transfer to Special Revenue - Inclusion	<u>(67,440)</u>		<u>(67,440)</u>	<u>(67,440)</u>	
Transfers to Cover Deficit (Enterprise Fund)		<u>(14,603)</u>	<u>(14,603)</u>		<u>(14,603)</u>
Total Other Financing Sources/(Uses)	<u>(67,440)</u>	<u>(14,603)</u>	<u>(82,043)</u>	<u>(67,440)</u>	<u>(14,603)</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (2,953,417)		\$ (2,953,417)	\$ 98,617	\$ 3,052,034
Fund Balance, July 1	4,577,634		4,577,634	4,577,634	
Fund Balance, June 30	\$ 1,624,217	\$ -0-	\$ 1,624,217	\$ 4,676,251	\$ 3,052,034
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024				\$ 460,000	
Excess Surplus - Restricted For 2022-2023				460,000	
Impact Aid Reserve (General)				361,794	
Capital Reserve				2,293,297	
Maintenance Reserve				239,982	
Unemployment Compensation				4,284	
Assigned Fund Balance:					
Year End Encumbrances				403,427	
Unassigned Fund Balance				453,467	
				4,676,251	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(205,977)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,470,274	

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 300	\$ (106)	\$ 194	\$ 194	
State Sources	663,150	334,693	997,843	582,696	\$ (415,147)
Federal Sources	731,672	1,092,675	1,824,347	405,433	(1,418,914)
Total Revenues	1,395,122	1,427,262	2,822,384	988,323	(1,834,061)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	66,315	1,125	67,440	67,440	
Total Revenues and Other Financing Sources	1,461,437	1,428,387	2,889,824	1,055,763	(1,834,061)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	358,333	184,123	542,456	308,471	233,985
Salaries of Other Professional Staff	142,000	32,638	174,638	123,278	51,360
Purchased Professional - Educational Services		41,061	41,061	2,552	38,509
Purchased Professional and Technical Services		100,000	100,000		100,000
Other Purchased Services	5,000	7,000	12,000	6,800	5,200
Tuition	100,108	62,453	162,561	55,273	107,288
General Supplies	57,513	213,782	271,295	146,237	125,058
Other Objects	2,456		2,456	1,000	1,456
Total Instruction	665,410	641,057	1,306,467	643,611	662,856
Support Services:					
Salaries	13	74,339	74,352	68,626	5,726
Salaries of Other Professional Staff	75,000	103,621	178,621	153,799	24,822
Personal Services - Employee Benefits	185,660	14,675	200,335	34,960	165,375
Purchased Professional and Technical Services	25,090	100,000	125,090	115,270	9,820
Purchased Professional - Educational Services	23,564	11,942	35,506	12,564	22,942
Other Purchased Services		25,564	25,564	2,199	23,365
Travel	1,000	969	1,969		1,969
Transportation	5,000	4,000	9,000	709	8,291
Supplies and Materials	8,585	332,637	341,222	11,189	330,033
Other Objects	1,000	204	1,204	242	962
Student Activities		722	722	722	
Scholarships		150	150	150	
Total Support Services	324,912	668,823	993,735	400,430	593,305
Facilities Acquisition and Construction Services:					
Instructional Equipment	30,000	44,100	74,100	11,011	63,089
Non-Instructional Equipment	2,000	85	2,085		2,085
Building/Renovation	439,115	75,000	514,115	1,389	512,726
Total Facilities Acquisition and Construction Services	471,115	119,185	590,300	12,400	577,900
Total Expenditures	\$ 1,461,437	\$ 1,429,065	\$ 2,890,502	\$ 1,056,441	\$ 1,834,061
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -0-	\$ (678)	\$ (678)	\$ (678)	\$ -0-

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 10,313,313	\$ 988,323
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Cancellation of Prior Year Encumbrances		(333)
Prior Year Encumbrances		60,767
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	225,920	73,163
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(205,977)	(71,113)
	\$ 10,333,256	\$ 1,050,807
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,147,256	\$ 1,056,441
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Cancellation of Prior Year Encumbrances		(333)
Prior Year Encumbrances		60,767
	\$ 10,147,256	\$ 1,116,875
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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



**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Preschool Education Expansion Aid	CRRSA			ARP ESSER III
		Learning Acceleration	Mental Health		
REVENUES					
Local Sources					
State Sources	\$ 582,696	\$ 1,101	\$ 12,314	\$ 103,584	
Federal Sources					
Total Revenues	582,696	1,101	12,314	103,584	
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	67,440				
Total Revenues and Other Financing Sources	650,136	1,101	12,314	103,584	
EXPENDITURES					
Instruction:					
Salaries of Teachers	266,921		1,750	2,000	
Salaries of Other Professional Staff	123,278				
Purchased Professional - Educational Services					
Other Purchased Services	6,800				
Tuition					
General Supplies	50,967	1,101	1,000	79,011	
Other Objects					
Total Instruction	447,966	1,101	2,750	81,011	
Support Services:					
Salaries	28,093				
Salaries of Other Professional Staff	153,799				
Personal Services - Employee Benefits					
Purchased Professional and Technical Services			2,770	18,906	
Purchased Professional - Educational Services	4,000				
Other Purchased Services			2,199		
Transportation	709				
Supplies and Materials	6,594		4,595		
Other Objects	242				
Student Activities					
Scholarships					
Total Support Services	193,437		9,564	18,906	
Facilities Acquisition and Construction Services:					
Instructional Equipment	8,733			2,278	
Building/Renovation				1,389	
Total Facilities Acquisition and Construction Services	8,733			3,667	
Total Expenditures	\$ 650,136	\$ 1,101	\$ 12,314	\$ 103,584	

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act					
	Title I FY21	FY22	Title IIA	Title IV	Student Activities	Scholarships
REVENUES						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 102	\$ 119,460	\$ 8,564	\$ 8,647	\$ 194	
	102	119,460	8,564	8,647	194	
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	102	119,460	8,564	8,647	194	
EXPENDITURES						
Instruction:						
Salaries of Teachers		37,800				
Salaries of Other Professional Staff						
Purchased Professional - Educational Services						
Other Purchased Services						
Tuition						
General Supplies	102	6,167		8,647		
Other Objects						
Total Instruction	102	43,967		8,647		
Support Services:						
Salaries		40,533				
Salaries of Other Professional Staff						
Personal Services - Employee Benefits		34,960				
Purchased Professional and Technical Services						
Purchased Professional - Educational Services			8,564			
Other Purchased Services						
Transportation						
Supplies and Materials						
Other Objects						
Student Activities					722	
Scholarships						150
Total Support Services		75,493	8,564		722	150
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Building/Renovation						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 102	\$ 119,460	\$ 8,564	\$ 8,647	\$ 722	\$ 150

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	I.D.E.A.		Preschool		Rural Education Achievement Program		Total
	Basic FY22	FY22	FY21	FY22	FY23	FY22	
<b>REVENUES</b>							
Local Sources							\$ 194
State Sources							582,696
Federal Sources							405,433
<b>Total Revenues</b>	\$ 144,444	\$ 4,423	\$ 18	\$ 4,423	\$ 2,552	\$ 224	\$ 988,323
	144,444	4,423	18	4,423	2,552	224	988,323
<b>Other Financing Sources:</b>							
Transfer In - Board Contribution - General Fund							67,440
<b>Total Revenues and Other Financing Sources</b>	144,444	4,423	18	4,423	2,552	224	1,055,763
	144,444	4,423	18	4,423	2,552	224	1,055,763
<b>EXPENDITURES</b>							
<b>Instruction:</b>							
Salaries of Teachers							308,471
Salaries of Other Professional Staff							123,278
Purchased Professional - Educational Services					2,552		2,552
Other Purchased Services							6,800
Tuition	50,850	4,423	18				55,273
General Supplies						224	146,237
Other Objects							1,000
<b>Total Instruction</b>	50,850	4,423	18		2,552	224	643,611
	50,850	4,423	18		2,552	224	643,611
<b>Support Services:</b>							
Salaries							68,626
Salaries of Other Professional Staff							153,799
Personal Services - Employee Benefits							34,960
Purchased Professional and Technical Services	93,594						115,270
Purchased Professional - Educational Services							12,564
Other Purchased Services							2,199
Transportation							709
Supplies and Materials							11,189
Other Objects							242
Student Activities							722
Scholarships							150
<b>Total Support Services</b>	93,594						400,430
	93,594						400,430
<b>Facilities Acquisition and Construction Services:</b>							
Instructional Equipment							11,011
Building/Renovation							1,389
<b>Total Facilities Acquisition and Construction Services</b>							12,400
							12,400
<b>Total Expenditures</b>	\$ 144,444	\$ 4,423	\$ 18	\$ 4,423	\$ 2,552	\$ 224	\$ 1,056,441
	144,444	4,423	18	4,423	2,552	224	1,056,441

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 291,438	\$ 266,921	\$ 24,517
Other Salaries for Instruction	131,200	123,278	7,922
Other Purchased Services	12,000	6,800	5,200
General Supplies	61,556	50,967	10,589
<b>Total Instruction</b>	<u>496,194</u>	<u>447,966</u>	<u>48,228</u>
<b>Support Services:</b>			
Salaries of Supervisors of Instruction	74,340	28,093	46,247
Salaries of Other Professional Staff	177,453	153,799	23,654
Personal Services – Employee Benefits	156,361		156,361
Purchased Professional - Educational Services	27,748	4,000	23,748
Other Purchased Services	14,000		14,000
Contractual Services - Transportation	9,000	709	8,291
Travel	1,969		1,969
Supplies and Materials	23,718	6,594	17,124
Other Objects	1,204	242	962
<b>Total Support Services</b>	<u>485,793</u>	<u>193,437</u>	<u>292,356</u>
<b>Equipment:</b>			
Instructional equipment	30,000	8,733	21,267
Noninstructional Equipment	2,085		2,085
<b>Total Equipment</b>	<u>32,085</u>	<u>8,733</u>	<u>23,352</u>
<b>Total Expenditures</b>	<u>\$ 1,014,072</u>	<u>\$ 650,136</u>	<u>\$ 363,936</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2021-2022 Preschool Education Aid Allocation	\$ 728,352
Actual Preschool Expansion Aid Carryover (June 30, 2021)	269,491
Add: Budgeted Transfer from General Fund 2021-22	67,440
Add: Budgeted Tuition 2021-22	-0-
<b>Total Preschool Education Aid Funds Available for 2021-22</b>	<u>1,065,283</u>
Less: 2021-2022 Budgeted Preschool Education Expansion Aid Funds	(1,014,072)
<b>Available &amp; Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2022</b>	<u>51,211</u>
Add: June 30, 2022 Unexpended Preschool Education Expansion Aid	363,936
Add: Cancellation of Prior Year Accounts Payable and Encumbrances	766
Less: 2021-2022 Commissioner Approved Transfer to the General Fund	-0-
<b>2021-2022 Carryover - Preschool Education Expansion Aid</b>	<u>\$ 415,913</u>
2021-2022 Carryover - Preschool Education Expansion Aid Budgeted for Preschool Programs in 2022-2023	<u>\$ -0-</u>

**CAPITAL PROJECTS FUND  
(NOT APPLICABLE)**

## **PROPRIETARY FUNDS**



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food	Before and	
	Service	After Care	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 52,363	\$ 26,451	\$ 78,814
Intergovernmental Receivable:			
Federal	24,971		24,971
State	366		366
Other Accounts Receivable	1,894		1,894
Total Current Assets	<u>79,594</u>	<u>26,451</u>	<u>106,045</u>
Non-Current Assets:			
Capital Assets	22,205		22,205
Less: Accumulated Depreciation	<u>(18,598)</u>		<u>(18,598)</u>
Total Non-Current Assets	<u>3,607</u>		<u>3,607</u>
Total Assets	<u>83,201</u>	<u>26,451</u>	<u>109,652</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Payable - General Fund	29,946		29,946
Accounts Payable	<u>57,796</u>		<u>57,796</u>
Total Current Liabilities	<u>87,742</u>		<u>87,742</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	3,607		3,607
Unrestricted/(Deficit)	<u>(8,148)</u>	<u>26,451</u>	<u>18,303</u>
Total Net Position/(Deficit)	<u>\$ (4,541)</u>	<u>\$ 26,451</u>	<u>\$ 21,910</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Totals</u>
	<u>Food Service</u>	<u>Before and After Care</u>	
Operating Revenue:			
Miscellaneous Revenue	\$ 11		\$ 11
Program Fees		\$ 22,603	22,603
Total Operating Revenue	<u>11</u>	<u>22,603</u>	<u>22,614</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	296,520		296,520
Salaries	18,549		18,549
Supplies	131		131
Miscellaneous Expenditures	397	824	1,221
Depreciation Expense	1,633		1,633
Total Operating Expenses	<u>317,230</u>	<u>824</u>	<u>318,054</u>
Operating Income/(Loss)	<u>(317,219)</u>	<u>21,779</u>	<u>(295,440)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	16	4	20
State Sources:			
COVID-19 - Seamless Summer Option	4,818		4,818
Federal Sources:			
COVID-19 - Seamless Summer Option	306,109		306,109
COVID-19 - P-EBT Reimbursement	628		628
Total Non-Operating Revenue	<u>311,571</u>	<u>4</u>	<u>311,575</u>
Change in Net Position	(5,648)	21,783	16,135
Net Position - Beginning of Year	<u>1,107</u>	<u>4,668</u>	<u>5,775</u>
Net Position/(Deficit) - End of Year	<u>\$ (4,541)</u>	<u>\$ 26,451</u>	<u>\$ 21,910</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Major Fund</u> Food Service	<u>Non-Major Fund</u> Before and After Care	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 11	\$ 22,603	\$ 22,614
Payments to Employees Salaries and Benefits	(18,549)		(18,549)
Payments to Suppliers for Goods and Services	(251,959)	(824)	(252,783)
Net Cash Provided by/(Used for) Operating Activities	(270,497)	21,779	(248,718)
Cash Flows from Noncapital and Financing Activities:			
State Sources	7,347		7,347
Federal Sources	290,256		290,256
Transfer In/(From):			
Interfund Returned - General Fund	(8,480)		(8,480)
Interfund Advanced - General Fund	33,721		33,721
Net Cash Provided by Noncapital Financing Activities	322,844		322,844
Cash Flows from Investment Activities:			
Interest Income	16	4	20
Net Cash Provided by Investing Activities	16	4	20
Net Increase in Cash and Cash Equivalents	52,363	21,783	74,146
Cash and Cash Equivalents, July 1		4,668	4,668
Cash and Cash Equivalents, June 30	\$ 52,363	\$ 26,451	\$ 78,814
Reconciliation of Operating Income/(Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (317,219)	\$ 21,779	\$ (295,440)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Depreciation Expense	1,633		1,633
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	1,896		1,896
Increase in Accounts Payable	43,193		43,193
Net Cash Provided by/(Used for) Operating Activities	\$ (270,497)	\$ 21,779	\$ (248,718)

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

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

**STATISTICAL SECTION**  
(Unaudited)

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

**Contents**

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

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

*(accrual basis of accounting)*

UNAUDITED

June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,708,946	\$ 1,678,271	\$ 1,635,421	\$ 1,641,163	\$ 1,589,327	\$ 1,477,500	\$ 1,731,032	\$ 1,696,173	\$ 2,334,595	\$ 2,776,225
Restricted	167,712	167,802	366,610	217,703	444,003	611,767	519,791	2,268,699	3,774,076	3,821,153
Unrestricted / (Deficit)	365,556	(437,219)	(997,991)	(997,862)	(1,084,670)	(1,122,232)	(1,114,653)	(843,721)	(705,758)	(458,348)
<b>Total governmental activities net position</b>	<b>\$ 2,242,214</b>	<b>\$ 1,408,854</b>	<b>\$ 1,004,040</b>	<b>\$ 861,004</b>	<b>\$ 948,660</b>	<b>\$ 967,035</b>	<b>\$ 1,136,170</b>	<b>\$ 3,121,151</b>	<b>\$ 5,402,913</b>	<b>\$ 6,139,030</b>
<b>Business-type Activities:</b>										
Investment in Capital Assets	\$ 4,521	\$ 10,261	\$ 9,414	\$ 8,567	\$ 7,720	\$ 6,873	\$ 6,873	\$ 6,873	\$ 5,240	\$ 3,607
Unrestricted	37,718	30,498	35,183	28,288	23,663	25,443	8,229	12,170	535	18,303
<b>Total business-type activities net position</b>	<b>\$ 42,239</b>	<b>\$ 40,759</b>	<b>\$ 44,597</b>	<b>\$ 36,855</b>	<b>\$ 31,383</b>	<b>\$ 32,316</b>	<b>\$ 15,102</b>	<b>\$ 19,043</b>	<b>\$ 5,775</b>	<b>\$ 21,910</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 1,713,467	\$ 1,688,532	\$ 1,644,835	\$ 1,649,730	\$ 1,597,047	\$ 1,484,373	\$ 1,737,905	\$ 1,703,046	\$ 2,339,835	\$ 2,779,832
Restricted	167,712	167,802	366,610	217,703	444,003	611,767	519,791	2,268,699	3,774,076	3,821,153
Unrestricted / (Deficit)	403,274	(406,721)	(962,808)	(969,574)	(1,061,007)	(1,096,789)	(1,106,424)	(831,551)	(705,223)	(440,045)
<b>Total District Net Position</b>	<b>\$ 2,284,453</b>	<b>\$ 1,449,613</b>	<b>\$ 1,048,637</b>	<b>\$ 897,859</b>	<b>\$ 980,043</b>	<b>\$ 999,351</b>	<b>\$ 1,151,272</b>	<b>\$ 3,140,194</b>	<b>\$ 5,408,688</b>	<b>\$ 6,160,940</b>

Source: School District Financial Reports.

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

UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 2,372,899	\$ 2,307,831	\$ 2,998,252	\$ 3,007,195	\$ 3,811,914	\$ 3,712,881	\$ 3,401,524	\$ 3,332,792	\$ 3,667,264	\$ 3,471,312
Special Education	786,905	770,358	801,762	871,760	866,380	830,413	621,940	330,696	287,302	731,928
Other Special Instruction	254,279	280,339	41,492	367,078	175,318	390,352	243,414			
School-Sponsored Instruction	124,272	132,455	63,561	6,482	12,425	4,209	3,232	18,676	427	67,824
Support Services:										
Student & Instruction Related Services	3,125,710	2,630,728	4,075,329	3,662,932	3,274,490	3,333,708	3,813,923	3,145,906	2,935,626	3,092,494
General Administrative Services	324,532	336,638	276,959	387,956	326,777	379,971	338,224	473,808	416,210	440,507
School Administrative Services	126,779	127,090	172,573	177,903	136,434	144,743	91	4,008	184,305	322,862
Central Services	211,743	201,156	177,044	182,613	124,627	178,276	257,666	178,664	174,867	213,270
Administration Information Technology					8,169	87,486	197,015	94,411	86,968	111,507
Plant Operations and Maintenance	570,642	590,550	538,050	554,997	583,386	489,112	592,107	505,300	501,886	747,643
Pupil Transportation	861,388	929,334	1,011,551	1,006,746	955,273	1,040,205	948,393	534,466	412,487	662,371
Charter Schools	702,967	761,756	573,397	463,836	441,269	286,070	492,527	429,923	655,457	525,399
Capital Outlay		993	17,184							
Interest on Long-term Debt	17,493	15,607	3,498	2,474					124,183	
Total Governmental Activities Expenses	9,479,609	9,084,835	10,750,652	10,691,972	10,716,462	10,877,426	10,910,056	9,048,650	9,446,982	10,387,117
Business-type Activities:										
Food Service	107,825	107,342	98,249	107,130	86,414	101,670	100,775	75,534	91,004	317,230
Before and After Care								9,640		824
Total Business-type Activities Expenses	107,825	107,342	98,249	107,130	86,414	101,670	100,775	85,174	91,004	318,054
Total District Expenses	9,587,434	9,192,177	10,848,901	10,799,102	10,802,876	10,979,096	11,010,831	9,133,824	9,537,986	10,705,171
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)							19,450			194
Student and Instruction Related Services										
Operating Grants and Contributions	1,481,482	1,373,284	2,284,675	2,395,326	2,754,448	2,808,509	2,596,674	2,384,165	2,970,266	2,745,091
Total Governmental Activities Program Revenues	1,481,482	1,373,284	2,284,675	2,395,326	2,754,448	2,808,509	2,616,124	2,384,165	2,970,267	2,745,285



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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Program Revenues</b>										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 21,623	\$ 17,416	\$ 14,718	\$ 13,696	\$ 12,129	\$ 39,558	\$ 18,943	\$ 9,476	\$ 87	\$ 11
Before and After Care								14,308		22,603
Operating Grants and Contributions	88,933	88,435	87,362	85,688	68,808	37,566	69,292	57,829	68,146	311,555
Total Business-type Activities Revenues	110,556	105,851	102,080	99,384	80,937	77,124	88,235	81,613	68,233	334,169
Total District Program Revenues	1,592,038	1,479,135	2,386,755	2,494,710	2,835,385	2,885,633	2,704,359	2,465,778	3,038,500	3,079,454
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(7,998,127)	(7,711,551)	(8,465,977)	(8,296,646)	(7,962,014)	(8,068,917)	(8,293,932)	(6,664,485)	(6,476,715)	(7,641,832)
Business-type Activities	2,731	(1,491)	3,831	(7,746)	(5,477)	(24,546)	(12,540)	(3,561)	(22,771)	16,115
Total District-wide Net Expense	(7,995,396)	(7,713,042)	(8,462,146)	(8,304,392)	(7,967,491)	(8,093,463)	(8,306,472)	(6,668,046)	(6,499,486)	(7,625,717)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	5,447,314	5,556,260	5,667,385	5,780,732	5,780,732	5,896,347	6,256,056	6,552,974	6,717,893	6,572,446
Taxes Levied for Debt Service	123,414	124,525	124,637	122,378	2,008					
Unrestricted Grants and Contributions	2,361,340	2,220,065	2,245,946	2,244,711	2,225,159	2,185,393	2,176,829	2,088,287	1,902,417	1,710,952
Investment Earnings	1,749	2,423	1,174	1,240	7,343	2,464	2,840	2,770	2,541	772
Miscellaneous Income	22,777	3,163	20,273	4,549	34,428	28,164	50,870	9,940	145,126	93,779
Transfers			1,748			(25,076)	(23,528)	(7,500)	(9,500)	
Total Governmental Activities	7,956,594	7,906,436	8,061,163	8,153,610	8,049,670	8,087,292	8,463,067	8,646,471	8,758,477	8,377,949
Business-type Activities:										
Investment Earnings	8	11	7	4	5	3	1	2	3	20
Transfers						25,476	23,528	7,500	9,500	
Other Items							(28,203)			
Total Business-type Activities	8	11	7	4	5	25,479	(4,674)	7,502	9,503	20
Total District-wide	7,956,602	7,906,447	8,061,170	8,153,614	8,049,675	8,112,771	8,458,393	8,653,973	8,767,980	8,377,969
<b>Change in Net Position</b>										
Governmental Activities	\$ (41,533)	\$ 194,885	\$ (404,814)	\$ (143,036)	\$ 87,656	\$ 18,375	\$ 169,135	\$ 1,981,986	\$ 2,281,762	\$ 736,117
Business-type Activities	2,739	(1,480)	3,838	(7,742)	(5,472)	933	(17,214)	3,941	(13,268)	16,135
Total District	\$ (38,794)	\$ 193,405	\$ (400,976)	\$ (150,778)	\$ 82,184	\$ 19,308	\$ 151,921	\$ 1,985,927	\$ 2,268,494	\$ 752,252

Source: School District Financial Reports.

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund:</b>										
Restricted	\$ 167,687	\$ 167,802	\$ 366,610	\$ 214,962	\$ 439,254	\$ 607,018	\$ 519,791	\$ 2,266,077	\$ 3,771,602	\$ 3,819,357
Assigned	252,135	556,989	85,601	174,218	247,538	149,623	96,973	428,268	325,185	403,427
Unassigned	344,274	212,471	62,020			79,473	102,147	69,293	254,927	247,490
<b>Total General Fund</b>	<b>\$ 764,096</b>	<b>\$ 937,262</b>	<b>\$ 514,231</b>	<b>\$ 389,180</b>	<b>\$ 686,792</b>	<b>\$ 836,114</b>	<b>\$ 718,911</b>	<b>\$ 2,763,638</b>	<b>\$ 4,351,714</b>	<b>\$ 4,470,274</b>
<b>All Other Governmental Funds:</b>										
Restricted	\$ 25			\$ 2,741	\$ 4,749	\$ 4,749		\$ 2,622	\$ 2,474	\$ 1,796
Committed			\$ 31,332	80,332	80,332	80,332				
Unassigned / (Deficit)	(68,409)	(21,917)	(2,008)					(74,846)	(73,163)	(71,113)
<b>Total All Other Governmental Funds/(Deficit)</b>	<b>\$ (68,384)</b>	<b>\$ (21,917)</b>	<b>\$ 29,324</b>	<b>\$ 83,073</b>	<b>\$ 85,081</b>	<b>\$ 85,081</b>	<b>\$ -0-</b>	<b>\$ (72,224)</b>	<b>\$ (70,689)</b>	<b>\$ (69,317)</b>
<b>Total All Governmental Funds:</b>										
Restricted	\$ 167,712	\$ 167,802	\$ 366,610	\$ 217,703	\$ 444,003	\$ 611,767	\$ 519,791	\$ 2,268,699	\$ 3,774,076	\$ 3,821,153
Committed			31,332	80,332	80,332	80,332				
Assigned	252,135	556,989	85,601	174,218	247,538	149,623	96,973	428,268	325,185	403,427
Unassigned / (Deficit)	275,865	190,554	60,012			79,473	102,147	(5,553)	181,764	176,377
<b>Total All Governmental Funds</b>	<b>\$ 695,712</b>	<b>\$ 915,345</b>	<b>\$ 543,555</b>	<b>\$ 472,253</b>	<b>\$ 771,873</b>	<b>\$ 921,195</b>	<b>\$ 718,911</b>	<b>\$ 2,691,414</b>	<b>\$ 4,281,025</b>	<b>\$ 4,400,957</b>

Source: School District Financial Reports.

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax Levy	\$ 5,570,728	\$ 5,680,785	\$ 5,792,022	\$ 5,903,110	\$ 5,782,740	\$ 5,896,347	\$ 6,256,056	\$ 6,552,974	\$ 6,717,893	\$ 6,572,446
Tuition from Individuals							19,450			
Interest Earnings	153	115	1,174	1,240	7,343	2,464	2,840	2,770	2,541	772
Miscellaneous	24,373	5,471	20,273	4,549	34,428	28,164	50,870	9,940	145,128	93,973
State Sources	3,295,621	3,273,397	3,324,954	3,417,531	3,351,686	3,546,767	3,481,004	3,794,813	4,179,204	4,085,406
Federal Sources	558,284	319,952	611,857	473,627	398,008	272,621	598,471	438,009	541,414	631,466
<b>Total Revenues</b>	<b>9,449,159</b>	<b>9,279,720</b>	<b>9,750,280</b>	<b>9,800,057</b>	<b>9,574,205</b>	<b>9,746,363</b>	<b>10,408,691</b>	<b>10,798,506</b>	<b>11,586,180</b>	<b>11,384,063</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	1,681,813	1,663,814	1,806,233	1,646,499	1,822,591	1,821,876	1,808,214	2,012,408	2,374,347	2,279,731
Special Education Instruction	568,109	555,804	429,140	472,673	422,331	432,443	292,387	172,503	155,515	420,452
Other Special Instruction	249,755	275,142	40,838	178,410	74,075	175,554	112,246			
School Sponsored Activities and Athletics	3,775	3,600	3,850	3,150	5,250	1,893	1,835	9,585		40,149
<b>Support Services:</b>										
Student & Instruction Related Services	2,871,226	2,455,315	3,851,721	3,431,945	3,017,419	3,171,083	3,548,720	2,867,355	2,658,854	2,819,139
General Administrative Services	263,365	287,355	228,093	324,650	276,441	294,595	288,609	377,927	333,805	361,886
School Administrative Services	85,648	87,301	92,236	87,358	59,578	59,986	88	2,870	95,383	192,639
Central Services	159,799	155,401	131,922	134,660	86,707	134,640	197,567	126,006	124,680	159,368
Administration Information Technology					5,573	71,631	163,176	74,799	67,495	91,690
Plant Operations and Maintenance	502,796	515,093	455,828	437,925	486,884	403,161	510,846	443,928	423,575	656,118
Pupil Transportation	837,060	901,123	972,826	962,829	907,943	996,675	907,321	485,365	345,707	563,301
Unallocated Benefits	1,398,148	1,302,601	1,432,413	1,569,409	1,589,231	1,680,788	1,869,359	1,688,887	1,935,255	2,476,289
Charter Schools	702,967	761,756	573,397	463,836	441,269	286,070	492,527	429,923	655,457	525,399
Capital Outlay	161,964	993	15,953	74,354	86,937	41,570	394,552	129,942	816,996	677,970
Debt Service:										
Principal	121,500	127,500	128,500	128,000						
Interest and Other Charges	22,198	14,789	9,368	4,661						
<b>Total Expenditures</b>	<b>9,630,123</b>	<b>9,107,587</b>	<b>10,172,318</b>	<b>9,920,359</b>	<b>9,282,229</b>	<b>9,571,965</b>	<b>10,587,447</b>	<b>8,821,498</b>	<b>9,987,069</b>	<b>11,264,131</b>

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (180,964)	\$ 172,133	\$ (422,038)	\$ (120,302)	\$ 291,976	\$ 174,398	\$ (178,756)	\$ 1,977,008	\$ 1,599,111	\$ 119,932
<b>Other Financing Sources/(Uses)</b>										
Premium on Temporary Note Funded by Budget Appropriation	46,500	47,500	48,500	49,000	7,644					
Capital Leases (non-budgeted) Transfers		1,748			(25,076)		(23,528)	(7,500)	(9,500)	
Total Other Financing Sources/(Uses)	46,500	47,500	50,248	49,000	7,644	(25,076)	(23,528)	(7,500)	(9,500)	-0-
Net Change in Fund Balances	\$ (134,464)	\$ 219,633	\$ (371,790)	\$ (71,302)	\$ 299,620	\$ 149,322	\$ (202,284)	\$ 1,969,508	\$ 1,589,611	\$ 119,932
Debt Service as a Percentage of Noncapital Expenditures	1.52%	1.56%	1.36%	1.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest</u> <u>Earnings</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2013		\$ 1,749	\$ 4,537	\$ 18,240	\$ 24,526
2014		2,423		3,163	5,586
2015		1,174	6,269	14,004	21,447
2016		1,240		4,549	5,789
2017		7,343		34,428	41,771
2018		2,464	5,456	22,708	30,628
2019	\$ 19,450	2,840	21,193	29,677	73,160
2020		2,770	68	9,872	12,710
2021		2,541	104,221	40,905	147,667
2022		1,851	33,428	59,272	94,551

Source: Township of Montague School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2012	\$ 11,832,000	\$ 179,693,200	\$ 9,455,700	\$ 1,290,860	\$ 21,018,300	\$ 2,136,600	\$ 420,000	\$ 225,846,660	\$ 692,194	\$ 226,538,854	\$ 54,975,550	\$ 2.471	\$ 374,978,952
2013	11,878,750	179,701,043	9,339,100	1,146,042	18,932,540	1,899,300	420,000	223,316,775	683,418	224,000,193	55,757,350	2.471	333,192,269
2014	10,862,850	180,125,043	9,638,000	1,159,342	19,083,140	1,899,300	420,000	223,187,675	-0-	223,187,675	55,586,950	2.597	333,175,171
2015	* 16,354,600	263,029,600	14,750,900	1,208,000	35,023,300	27,828,900	448,000	358,643,300	-0-	358,643,300	82,880,000	1.615	342,264,384
2016	16,006,700	262,316,400	14,597,200	1,211,100	34,950,200	27,686,800	448,000	357,216,400	-0-	357,216,400	81,940,900	1.652	351,615,565
2017	15,448,800	261,925,700	14,297,600	936,300	34,950,200	27,626,800	448,000	355,633,400	-0-	355,633,400	82,383,600	1.626	367,140,165
2018	15,394,900	261,024,900	15,036,600	927,500	35,090,000	27,626,800	448,000	355,548,700	-0-	355,548,700	81,987,700	1.626	364,146,167
2019	14,791,800	260,551,500	15,044,100	949,100	35,109,100	27,626,800	448,000	354,520,400	-0-	354,520,400	82,721,500	1.807	368,075,329
2020	14,502,600	260,794,900	14,955,900	924,700	35,188,200	27,626,800	448,000	354,441,100	-0-	354,441,100	83,014,100	1.872	384,258,666
2021	14,314,900	262,475,600	14,467,200	889,300	35,705,000	27,626,800	375,000	355,853,800	-0-	355,853,800	83,282,000	1.881	390,010,305

\* - Revaluation became effective in this year.

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

**b** - Tax rates are per \$100.

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

Source: Municipal Tax Assessor.

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

Year Ended December 31,	Township of Montague School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Montague	Sussex County	
2012	\$ 2.416	\$ 0.055	\$ 2.471	\$ 0.497	\$ 0.769	\$ 3.737
2013	2.417	0.054	2.471	0.524	0.756	3.751
2014	2.541	0.056	2.597	0.547	0.780	3.924
2015	* 1.582	0.033	1.615	0.389	0.492	2.496
2016	1.651	0.001	1.652	0.401	0.543	2.596
2017	1.626	-0-	1.626	0.408	0.589	2.623
2018	1.626	-0-	1.626	0.408	0.589	2.623
2019	1.807	-0-	1.807	0.409	0.602	2.818
2020	1.872	-0-	1.872	0.412	0.634	2.918
2021	1.881	-0-	1.881	0.418	0.642	2.941

\* - Revaluation became effective in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

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

Taxpayer	2021		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 5,570,728	\$ 5,570,728	100.00%	\$ -0-
2014	5,680,785	5,680,785	100.00%	-0-
2015	5,792,022	5,792,022	100.00%	-0-
2016	5,903,110	5,903,110	100.00%	-0-
2017	5,782,740	5,782,740	100.00%	-0-
2018	5,896,347	5,896,347	100.00%	-0-
2019	6,260,805	6,260,805	100.00%	-0-
2020	6,552,974	6,552,974	100.00%	-0-
2021	6,717,893	6,717,893	100.00%	-0-
2022	6,572,446	6,572,446	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases	Bond Anticipation Notes (BANs)			
2013	\$ 239,000	\$ -0-	\$ 145,000	\$ 384,000	0.20%	\$ 100.37
2014	159,000	-0-	97,500	256,500	0.13%	67.61
2015	79,000	-0-	49,000	128,000	0.06%	33.96
2016	-0-	-0-	-0-	-0-	0.00%	-0-
2017	-0-	6,079	-0-	6,079	0.00%	1.64
2018	-0-	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	-0-	0.00%	-0-
2021	-0-	-0-	-0-	-0-	0.00%	-0-
2022	-0-	-0-	-0-	-0-	0.00%	-0-

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

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2013	\$ 239,000	\$ 239,000	0.106%	\$ 62.47
2014	159,000	159,000	0.071%	41.91
2015	79,000	79,000	0.035%	20.96
2016	-0-	-0-	0.000%	-0-
2017	-0-	-0-	0.000%	-0-
2018	-0-	-0-	0.000%	-0-
2019	-0-	-0-	0.000%	-0-
2020	-0-	-0-	0.000%	-0-
2021	-0-	-0-	0.000%	-0-
2022	-0-	-0-	0.000%	-0-

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

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

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

Source: School District Financial Reports.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Township of Montague	\$ 1,823,000	100.00%	\$ 1,823,000
Sussex County General Obligation Debt	91,877,126	2.18 %	<u>2,002,843</u>
Subtotal, Overlapping Debt			3,825,843
Township of Montague School District Direct Debt			<u>-0-</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 3,825,843</u></u>

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

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2022**

Year Ended December 31,	Equalized Valuation Basis
2021	\$ 405,531,396
2020	388,003,394
2019	383,887,818
	\$1,177,422,608
Average Equalized Valuation of Taxable Property	\$ 392,474,203
Debt Limit (3% of Average Equalization Value)	\$ 11,774,226 <b>a</b>
Net Bonded School Debt	-0-
Legal Debt Margin	\$ 11,774,226

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 8,798,852	\$ 8,798,852	\$ 8,335,111	\$ 8,366,780	\$ 8,667,852
Total Net Debt Applicable to Limit	239,000	159,000	79,000	-0-	-0-
Legal Debt Margin	\$ 8,559,852	\$ 8,639,852	\$ 8,256,111	\$ 8,366,780	\$ 8,667,852
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.72%	1.81%	0.95%	0.00%	0.00%

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 9,038,262	\$ 11,007,207	\$ 11,163,062	\$ 11,405,647	\$ 11,774,226
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	\$ 9,038,262	\$ 11,007,207	\$ 11,163,062	\$ 11,405,647	\$ 11,774,226
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Sussex County Per Capita Personal Income <sup>b</sup></u>	<u>Personal Income  c</u>	<u>Unemployment Rate <sup>d</sup></u>
2013	3,794	\$ 51,724	\$ 196,240,856	13.00%
2014	3,769	54,116	203,963,204	6.80%
2015	3,729	55,722	207,787,338	5.80%
2016	3,700	57,327	212,109,900	4.80%
2017	3,681	59,144	217,709,064	5.00%
2018	3,669	61,531	225,757,239	4.10%
2019	3,654	64,284	234,893,736	3.90%
2020	3,630	67,814	246,164,820	8.90%
2021	3,803	67,814 **	257,896,642	7.30%
2022	3,803 *	67,814 **	257,896,642 ***	N/A

\* - Latest population data available (2021) was used for calculation purposes.  
 \*\* - Latest Sussex County per capita personal income available (2020) was used for calculation purposes.  
 \*\*\* - Latest available population data (2021) and latest available Sussex County per capita personal income (2020) was used for calculation purposes.

N/A - Information not available

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

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

Employer	2021		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	2	1.40%-7.00%
Newton Medical Center	500-999	3	0.70%-1.40%
Sussex County Offices	500-999	4	0.70%-1.40%
Thorlabs	500-999	5	0.70%-1.40%
Mountain Creek Resort	500-999	6	0.70%-1.40%
Shop Rite	250-499	7	0.35%-0.70%
Sussex County Community College	250-499	8	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	9	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	10	0.14%-0.35%
	<u>4,850-15,740</u>		<u>6.96%-22.59%</u>
Total Employment	<u>71,642</u>		
Employer	2012		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	1	2.63%
Newton Memorial Hospital	1,200	2	1.58%
Selective Insurance	900	3	1.19%
County of Sussex	830	4	1.09%
Mountain Creek Resort	800	5	1.05%
Ames Rubber Corp	445	6	0.59%
Shop Rite Supermarkets (Ronetco)	301	7	0.40%
Andover Subacute & Rehab Center	300	8	0.40%
Sussex County Community College	300	9	0.40%
SCARC, Inc..	287	10	0.38%
	<u>7,363</u>		<u>9.70%</u>
Total Employment	<u>75,932</u>		

Source: Sussex County Chamber of Commerce

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

UNAUDITED

<u>Function/Program</u>	<u>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>	<u>2022</u>
Instruction:										
Regular	24.5	24.5	23.5	23.5	19.0	26.5	24.0	26.0	25.0	35.0
Special Education	4.5	4.5	3.5	3.5	8.0	3.5	4.0	4.0	4.0	4.0
Other Instruction	5.0	5.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Support Services:										
Student & Instruction Related Services	2.0	2.0	2.0	2.0	2.0	2.5	2.0	3.0	3.0	4.0
General Administrative Services	2.5	2.5	2.5	2.5	2.5	1.0	2.0	1.5	1.0	1.0
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.0	2.0	2.0
Central Services	3.0	3.0	3.0	3.0	3.0	2.0	2.0	1.0	1.0	1.0
Administration Information Technology							1.0	1.0	1.0	1.0
Plant Operations and Maintenance	2.5	2.5	2.5	2.5	2.5	4.0	4.0	2.0	3.0	4.0
Pupil Transportation	1.0	1.0	1.0	1.0	1.0		2.0	1.0	1.0	5.0
Food Service	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	1.5	1.5
<b>Total</b>	<b>48.5</b>	<b>48.5</b>	<b>46.5</b>	<b>45.5</b>	<b>45.5</b>	<b>49.0</b>	<b>50.5</b>	<b>48.5</b>	<b>47.5</b>	<b>63.5</b>



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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	273	9,324,461	34,156	15.28%	28.0	10:1	273.0	264.8	-6.89%	97.00%
2014	259	8,964,305	34,611	1.33%	28.0	9:1	259.2	250.2	-5.05%	96.53%
2015	219	10,018,497	45,747	32.17%	26.0	9:1	216.1	206.1	-16.63%	95.37%
2016	226	9,713,344	42,979	-6.05%	26.0	9:1	212.6	199.7	-1.62%	93.92%
2017	250	9,195,292	36,781	-14.42%	27.0	9:1	250.0	233.0	17.59%	93.20%
2018	252	9,530,395	37,819	2.82%	30.0	9:1	245.7	229.5	-1.72%	93.38%
2019	255	10,192,895	39,972	5.69%	28.0	9:1	249.9	234.0	1.70%	93.62%
2020	242	8,691,556	35,916	-10.15%	30.0	9:2	243.0	231.9	-2.75%	95.44%
2021	250	9,170,073	36,680	2.13%	30.0	2:24	242.5	232.1	-0.21%	95.71%
2022	282	10,586,161	37,764	2.96%	39.0	7:2	268.7	249.2	10.80%	92.74%

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Township of Montague School District records.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>District Building</u></b>										
Elementary School										
Square Feet	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	273	259	219	226	250	252	255	242	250	282

Number of Schools at June 30, 2022  
 Elementary = 1

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

Source: Township of Montague School District Facilities Office.

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

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

<u>School Facilities*</u>	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Montague Elementary School	\$ 54,530	\$ 55,225	\$ 48,684	\$ 55,111	\$ 259,265
<u>School Facilities*</u>	2013	2014	2015	2016	2017
Montague Elementary School	\$ 79,877	\$ 96,998	\$ 88,903	\$ 94,229	\$ 153,389

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

Source: Township of Montague School District records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>	
School Package Policy - NJSIG			
Property:			
Real and Personal Property	\$500,000,000	\$ 1,000	per occurrence
Extra Expense	50,000,000	1,000	per occurrence
Valuable Papers and Records	10,000,000	1,000	per occurrence
Demolition and Increased Cost of Construction	25,000,000	1,000	per occurrence
Limited Builders Risk	10,000,000	1,000	per occurrence
Special Flood Hazard Area Flood Zones	25,000,000	500,000	per occurrence
Accounts Receivable	25,000	1,000	per occurrence
All Other Flood Zones	75,000,000	10,000	per occurrence
Earthquake	50,000,000	1,000	per occurrence
Terrorism	1,000,000	1,000	per occurrence
Electronic Data Processing	500,000,000	1,000	per occurrence
Equipment Breakdown	100,000,000	25,000	per occurrence
Crime:			
Public Employee Dishonesty with Faithful Performance	500,000	1,000	per occurrence
Theft, Disappearance and Destruction - Loss of			
Money & Securities On or Off Premises	50,000	500	
Money Orders & Counterfeit Paper Currency	50,000	500	
Forgery or Alteration	250,000	1,000	
Computer Fraud	50,000	500	
General Liability	16,000,000	N/A	
Automobile Liability	16,000,000	N/A	
Automobile Physical Damage	Actual Cash Valu	1,000	
School Leaders Errors & Omissions Liability - NJSIG			
Coverage A Each Claim Limit	16,000,000	10,000	each claim
Coverage B Each Claim Limit	100,000	10,000	each claim
Coverage B Aggregate Limit	300,000	N/A	
Student Accident - Bollinger			
Maximum Limit - Full Excess	5,000,000	None	
Workers' Compensation - NJSIG			
Statutory Benefits	Included	None	
Employer's Liability	3,000,000	None	
Surety Bonds - Western Surety			
School Business Administrator/Board Secretary	200,000	N/A	
Treasurer of School Monies	200,000	N/A	

Source: School Risk Manager

## **SINGLE AUDIT SECTION**



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**Report on 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.

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

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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
December 14, 2022

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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

Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

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

***Opinion on Each Major Federal and State Program***

We have audited the Township of Montague School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.



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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
December 14, 2022

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Accounts Payable	Cancellation of Prior Year Encum- brances	Balance at	
					June 30, 2021	June 30, 2022					Budgetary Accounts Receivable	Budgetary Accounts Receivable
<u>U.S. Department of Agriculture:</u>												
<u>Passed-through State Department of Agriculture:</u>												
Child Nutrition Cluster:												
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	\$ 306,109			\$ 281,138	\$ (306,109)			\$ (24,971)	
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	54,354			8,490					
Total Child Nutrition Cluster							289,628	(306,109)			(24,971)	
COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649	N/A	7/1/21-6/30/22	628			628	(628)				
Total U.S. Department of Agriculture							290,256	(306,737)			(24,971)	
<u>U.S. Department of Education:</u>												
<u>Passed-through State Department of Education:</u>												
Special Revenue Funds:												
Rural Education Achievement Program	84.358	S358A153713	7/1/21-9/30/23	20,500			20,500	(2,552)			\$ 17,948	
Rural Education Achievement Program	84.358	S358A153713	7/1/20-9/30/22	20,820			16,898	(224)	\$ 40	\$ 184		
Rural Education Achievement Program	84.358	S358A143713	7/1/18-9/30/21	51,728			51,728					
Total Rural Education Achievement Program							89,126	(2,776)	40	184		17,948
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA330022	7/1/21-9/30/22	144,444				(144,444)			(144,444)	
I.D.E.A. Part B, Basic	84.027	IDEA330021	7/1/20-6/30/21	100,029					41			\$ 41
I.D.E.A. Preschool	84.173	IDEA330022	7/1/21-6/30/22	4,423				(4,423)			(4,423)	
I.D.E.A. Preschool	84.173	IDEA330021	7/1/20-9/30/21	8,700			2,091	(18)		18		
Total Special Education Cluster							2,091	(148,885)	41	18	(148,867)	41
<u>Elementary and Secondary Education Act:</u>												
Title I	84.010	ESEA330022	7/1/21-9/30/22	119,750				(119,460)			(119,460)	
Title I	84.010	ESEA330021	7/1/20-9/30/21	133,998			74,644	(102)	1,448	76		1,422
Title I	84.010	ESEA330019	7/1/18-9/30/19	283,312								61
ARRA - Title I	84.389	ESEA330019	7/1/18-9/30/19	8,544								9
Total Title I							74,644	(119,562)	1,448	76	(119,460)	1,492
Title IIA	84.367	ESEA330022	7/1/21-9/30/22	8,564				(8,564)			(8,564)	
Total Title IIA								(8,564)			(8,564)	
Title IV	84.424	ESEA330022	7/1/21-9/30/22	10,000				(8,647)			(8,647)	
Title IV	84.424	ESEA330021	7/1/20-9/30/21	10,000			3,755					
Total Title IV							3,755	(8,647)			(8,647)	
<u>Education Stabilization Fund:</u>												
COVID-19 - CARES Emergency Relief	84.425D	S425D200027	3/13/20-9/30/22	112,977							(4,150)	
COVID 19 - CRRSA - Learning Acceleration	84.425U	S425U210027	3/13/20-9/30/24	28,180				(1,101)			(1,101)	
COVID 19 - CRRSA - Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000				(12,314)			(12,314)	
COVID 19 - ARP - ESSER III	84.425U	S425U210027	3/13/20-9/30/24	986,882				(103,584)			(103,584)	
Total Education Stabilization Fund								(116,999)			(121,149)	
Total Special Revenue Fund							169,616	(405,433)	1,529	278	(406,687)	1,533

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cancellation of Prior Year Accounts Payable	Cancellation of Prior Year Encum- brances	Balance at		Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
					June 30, 2021	June 30, 2022			June 30, 2021	June 30, 2022				
<u>U.S. Department of Education:</u>														
<u>Passed-through State Department of Education:</u>														
General Fund:														
Impact Aid	84,041	40-NJ-XXXX-4401	7/1/21-6/30/22	\$ 165,599	\$ 165,599	\$ (165,599)								
Total U.S. Department of Education					\$ 165,599	\$ (165,599)								
<u>U.S. Department of Treasury:</u>														
<u>Passed-through State Department of Education:</u>														
Special Revenue Fund:														
COVID-19 - Coronavirus Relief Fund	21,019	N/A	3/1/20-12/30/20	\$ 25,689	\$ 37	\$ (571,032)	\$ 1,529	\$ 278	\$ (406,687)	\$ 17,948	\$ 1,533			
Total U.S. Department of Treasury					\$ 37	\$ (571,032)	\$ 1,529	\$ 278	\$ (406,687)	\$ 17,948	\$ 1,533			
Total Federal Awards					\$ (161,756)	\$ 107	\$ 625,471	\$ 1,529	\$ 278	\$ (431,658)	\$ 17,948	\$ 1,570	\$ -0-	

N/A - Not Available/Applicable

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Cancellation of Prior Year Accounts Payable	Balance June 30, 2022		MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue					GAAP Accounts Receivable	GAAP Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>													
<b>General Fund State Aid:</b>													
Categorical Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 257,132		\$ 232,027	\$ (257,132)				\$ (25,105)	\$ 257,132		
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	1,425,212		1,286,061	(1,425,212)				(139,151)	1,425,212		
Categorical Security Aid	22-495-034-5120-084	7/1/21-6/30/22	100,706		90,874	(100,706)				(9,832)	100,706		
Categorical Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	326,614		294,725	(326,614)				(31,889)	326,614		
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	95,886			(95,886)				(95,886)	95,886		
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	194,737		174,400	(194,737)				(20,337)	194,737		
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	204,534		204,534	(204,534)					204,534		
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	863,244		863,244	(863,244)					863,244		
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	12,179		12,179	(12,179)					12,179		
On-Behalf Long Term Disability Insurance Contributions	22-495-034-5094-004	7/1/21-6/30/22	473		473	(473)					473		
Categorical Special Education Aid	21-495-034-5121-089	7/1/20-6/30/21	257,132	\$ (25,329)		25,329				(116,223)	257,132		
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	1,609,008	(158,498)		158,498					1,609,008		
Categorical Security Aid	21-495-034-5121-084	7/1/20-6/30/21	100,706	(9,920)		9,920					100,706		
Categorical Transportation Aid	21-495-034-5121-014	7/1/20-6/30/21	326,614	(32,173)		32,173					326,614		
Excess Nonpublic Transportation Costs	21-495-034-5121-014	7/1/20-6/30/21	1,160	(1,160)		1,160					1,160		
Extraordinary Special Education Costs Aid	21-495-034-5121-044	7/1/20-6/30/21	155,419	(155,419)		155,419					155,419		
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	174,072	(18,863)		18,863					174,072		
<b>Subtotal - General Fund</b>				<b>(401,362)</b>		<b>3,559,879</b>	<b>(3,480,717)</b>			<b>(116,223)</b>	<b>6,104,828</b>		
<b>Special Revenue Fund Aid:</b>													
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	728,352		657,239	(364,416)					363,936		
Preschool Education Aid	21-495-034-5121-086	7/1/20-6/30/21	742,728	(73,163)		73,163		\$ 55	\$ 711		51,977		
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	730,296		218,280	(218,280)					730,296		
<b>Subtotal - Special Revenue Fund</b>				<b>(73,163)</b>	<b>269,491</b>	<b>730,402</b>	<b>(582,696)</b>	<b>55</b>	<b>711</b>		<b>415,913</b>	<b>(71,113)</b>	<b>1,786,229</b>
<b>State Department of Agriculture:</b>													
<b>Food Service Fund:</b>													
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	4,818		4,452	(4,818)				(366)			
COVID-19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	4,744	(2,895)		2,895							
<b>Subtotal - Food Service Fund</b>				<b>(2,895)</b>	<b>7,347</b>	<b>(4,818)</b>				<b>(366)</b>		<b>(366)</b>	<b>9,562</b>
<b>Total State Awards</b>				<b>\$ (477,420)</b>	<b>\$ 269,491</b>	<b>\$ 4,297,628</b>	<b>\$ (4,068,231)</b>	<b>\$ 55</b>	<b>\$ 711</b>	<b>\$ (116,589)</b>	<b>\$ 415,913</b>	<b>\$ (393,679)</b>	<b>\$ 7,900,619</b>
<b>Less:</b>													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	(204,534)			204,534							
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(863,244)			863,244							
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(12,179)			12,179							
On-Behalf Long Term Disability Insurance Contributions	22-495-034-5094-004	7/1/21-6/30/22	(473)			473							
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>				<b>1,080,430</b>		<b>(1,080,430)</b>							
<b>Total State Awards Subject to Single Audit Major Program Determination</b>													<b>\$ (2,987,801)</b>

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Montague Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$19,943 for the General Fund and \$62,484 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 165,599	\$ 3,500,660	\$ 3,666,259
Special Revenue Fund	465,867	584,746	1,050,613
Food Service Enterprise Fund	306,737	4,818	311,555
Total Awards	\$ 938,203	\$ 4,090,224	\$ 5,028,427

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, 2022.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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 the major federal and state programs 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 Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal or state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings 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:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
COVID-19 Seamless Summer				
Option	10.555	7/1/21-9/30/22	\$ 306,109	\$ 306,109
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/21-9/30/22	144,444	144,444
I.D.E.A. Preschool	84.173	7/1/21-9/30/22	4,423	4,423
I.D.E.A. Preschool	84.173	7/1/20-9/30/21	8,700	18
<u>State Aid - Public:</u>				
Categorical Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	257,132	257,132
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	1,425,212	1,425,212
Categorical Security Aid	22-495-034-5120-084	7/1/21-6/30/22	100,706	100,706



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

Summary of Auditors' Results:

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

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

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

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 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.