

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF MONTCLAIR**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

Township of Montclair School District

Montclair, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

Finance Department

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



MONTCLAIR PUBLIC SCHOOLS

BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042
WWW.MONTCLAIR.K12.NJ.US

January 10, 2024

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Montclair School District (the "District") for the fiscal year ended June 30, 2023, 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, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2022-2023 fiscal year with an enrollment of 6,039 students, which is a decrease of 9 students from the prior year.

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

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

3) MAJOR INITIATIVES: The District continued to implement specific and targeted initiatives developed to address the deep implementation of the District core curriculum coupled with learning gaps between and among student groups in Montclair Public Schools. These initiatives included but were not limited to: (1) the continuing development of student-based, standards aligned magnet and elective courses curricula; (2) continuing an outcome-based extended day learning for schools receiving Title I funding; (3) developing a robust student learning protocol with universal screeners, effective progress monitoring tools and tier I, II and III screeners; (4) ongoing creation and development of anti-racist professional development to promote equity, access and opportunity for each student in the District; (5) create effective social emotional programs that restore relationships between and among staff, students, parents/guardians and community; (6) continuing the development of creating an online environment that promotes effective managerial processes for students, staff and community members; (7) Preschool Expansion Aid to provide universal preschool to ages 3 to 4. This is a five-year expansion plan with the goal of servicing over 800 preschool students. This initiative will assist with increases in enrollment; (8) Community schools in partnership with Hackensack Meridian Mountainside Medical Center, provide free health services for all residents. The district sites are at Glenfield Middle School and Hillside Elementary School; (8) Career and Technical Education – new pathways for success after high school. Opportunities are provided through partnerships with the Carpenters Union, Weston Health Internship, Essex County Vocational Schools of Technology; (9) Dual Enrollment partnerships with Montclair State University and Essex County College, high school juniors and seniors have the opportunity to earn college credits with the possibility of obtaining an associate degree upon graduation.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2023.

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

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

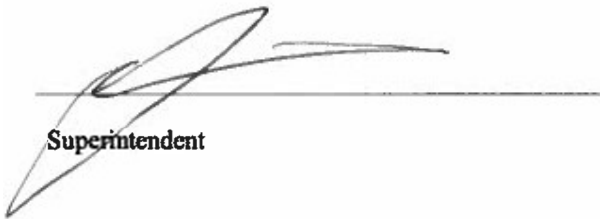
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District.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

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

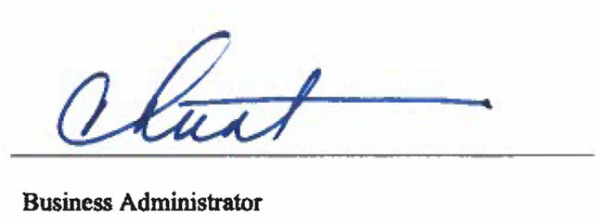
The Honorable President and Members of
the Board of Education
Montclair Township School District
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January 10, 2024

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

Respectfully submitted,



Superintendent



Business Administrator

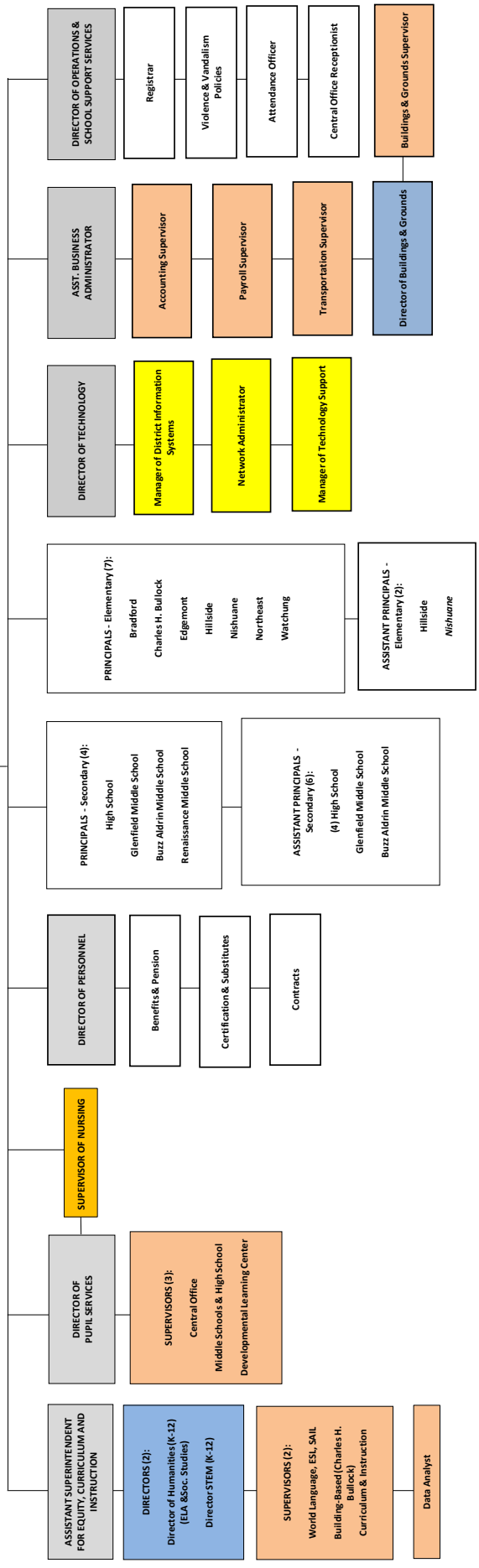


BOARD OF EDUCATION

BUSINESS ADMINISTRATOR/
BOARD SECRETARY

ASSISTANT BOARD SECRETARY

SUPERINTENDENT



**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Allison Silverstein, President	2023
Crystal Hopkins, Vice President	2024
Melanie Deysher	2023
Phaedra Dunn	2023
Kathrine Weller-Demming	2024
Eric Scherzer	2024
Mfreke “Monk” Inyang	2025
Yvonne Bouknight	2025
Brian Fleischer	2025

<u>Other Officers</u>	<u>Title</u>
Dr. Jonathan Ponds	Superintendent of Schools
Christina Hunt	School Business Administrator/Board Secretary
Beth Brooks	Treasurer of School Monies

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architects

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

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

Attorneys

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

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

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

Audit Firm

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

Official Depositories

Valley National Bank
1460 Valley Road
Wayne, New Jersey 07470

Investors Savings Bank
505 Bloomfield Avenue
Montclair, New Jersey 07042

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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 Montclair Township School District (the "District"), in the County of Essex, as of and for the fiscal year ended June 30, 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, 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 Opinions

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 audit opinions.

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.

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.

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 January 10, 2024 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.

January 10, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2023

This section of the Montclair Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

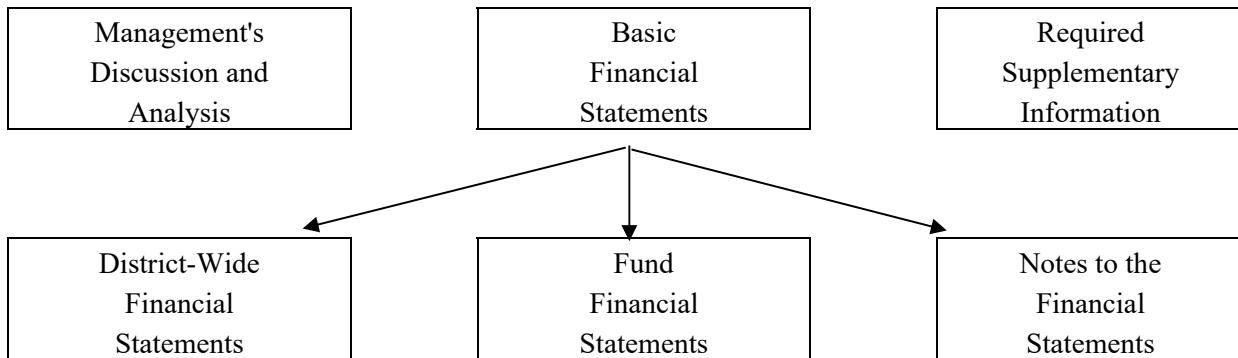


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2023

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2023

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

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

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$47,947,807 on June 30, 2023, \$3,774,965 or 8.55% more than it was the fiscal year before (See Figure A-3). Net investment in capital assets increased \$3,785,523 due to capital asset additions and maturities of financed purchases, offset by current fiscal year depreciation. Restricted net position increased \$674,259 primarily as a result of an increase in excess surplus in the General Fund. The unrestricted net position decreased by \$684,817 primarily due to the increase in assigned fund balance, and the changes in net pension liability and deferred inflows and outflows of resources related to pensions, offset by the decrease in the compensated absences payable.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2022/2023
	(Restated)				(Restated)		
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Current and Other Assets	\$ 91,782,747	\$ 22,886,736	\$ 902,469	\$ 892,000	\$ 92,685,216	\$ 23,778,736	
Capital Assets, Net	78,520,307	75,160,369	80,421	108,576	78,600,728	75,268,945	
Total Assets	170,303,054	98,047,105	982,890	1,000,576	171,285,944	99,047,681	72.93%
Deferred Outflows of Resources	3,514,863	2,481,307			3,514,863	2,481,307	41.65%
Other Liabilities	14,401,232	10,684,980	463,164	378,074	14,864,396	11,063,054	
Long-Term Liabilities	107,006,600	33,150,840			107,006,600	33,150,840	
Total Liabilities	121,407,832	43,835,820	463,164	378,074	121,870,996	44,213,894	175.64%
Deferred Inflows of Resources	4,982,005	13,142,252			4,982,005	13,142,252	-62.09%
Net Position:							
Net Investment in							
Capital Assets	68,438,193	64,624,515	80,421	108,576	68,518,614	64,733,091	
Restricted	4,937,158	4,262,899			4,937,158	4,262,899	
Unrestricted/(Deficit)	(25,947,271)	(25,337,074)	439,305	513,926	(25,507,966)	(24,823,148)	
Total Net Position	\$ 47,428,080	\$ 43,550,340	\$ 519,726	\$ 622,502	\$ 47,947,806	\$ 44,172,842	8.55%

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Changes in Net Position. The District's combined net position increased \$3,774,965 or 8.55%. Net position from governmental activities increased by \$3,877,741 and net position from business-type activities decreased by \$102,776 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
Revenue:							
Program Revenue:							
Charges for Services	\$ 777,936	\$ 504,251	\$1,235,536	\$ 447,375	\$ 2,013,472	\$ 951,626	
Grants and Contributions:							
Operating	50,884,781	68,535,856	795,601	1,833,838	51,680,382	70,369,694	
Capital	546,007	4,210,506			546,007	4,210,506	
General Revenue:							
Property Taxes	125,498,569	123,037,813			125,498,569	123,037,813	
Federal and State Aid Not Restricted	1,134,706	382,298			1,134,706	382,298	
Other	2,916,590	481,766	38,532	43,096	2,955,122	524,862	
Total Revenue	<u>181,758,589</u>	<u>197,152,490</u>	<u>2,069,669</u>	<u>2,324,309</u>	<u>183,828,258</u>	<u>199,476,799</u>	-7.84%
Expenses:							
Instruction	100,027,321	114,908,031			100,027,321	114,908,031	
Pupil and Instruction Services	37,660,263	39,115,094			37,660,263	39,115,094	
Administrative and Business	13,584,179	15,004,393			13,584,179	15,004,393	
Maintenance and Operations	12,829,832	12,026,941			12,829,832	12,026,941	
Transportation	10,559,266	8,968,947			10,559,266	8,968,947	
Other	3,219,988	2,242,661	2,172,445	2,106,709	5,392,433	4,349,370	
Total Expenses	<u>177,880,849</u>	<u>192,266,067</u>	<u>2,172,445</u>	<u>2,106,709</u>	<u>180,053,294</u>	<u>194,372,776</u>	-7.37%
Change in Net Position	<u>\$ 3,877,740</u>	<u>\$ 4,886,423</u>	<u>\$ (102,776)</u>	<u>\$ 217,600</u>	<u>\$ 3,774,964</u>	<u>\$ 5,104,023</u>	-26.04%

Governmental Activities

Net position from the District's governmental activities increased by \$3,877,741 in the current fiscal year. A majority of all revenue for the Montclair Township School District is collected through property taxes and state aid.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Governmental Activities

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

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

	Total Cost of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 100,027,321	\$ 114,908,031	\$ 56,249,608	\$ 57,361,567
Pupil and Instruction Services	37,660,263	39,115,094	33,850,220	32,332,144
Administrative and Business	13,584,179	15,004,393	11,394,983	11,636,409
Maintenance and Operations	12,829,832	12,026,941	11,657,159	7,773,650
Transportation	10,559,266	8,968,947	9,300,167	7,669,023
Other	3,219,988	2,242,661	3,219,988	2,242,661
	<u>\$ 177,880,849</u>	<u>\$ 192,266,067</u>	<u>\$ 125,672,125</u>	<u>\$ 119,015,454</u>

Business-Type Activities

- Net position from the District’s business-type activity decreased \$102,776 due to a deficit in the change in net position for the Food Service Enterprise fund offset by a positive change in Net position from the Non-Major Enterprise Funds. (Refer to Figure A-4).

General Fund Budgetary Highlights

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Capital Asset and Long Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
Land	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	
Construction in Progr	5,836,756				5,836,756		
Buildings & Building Improvements	63,427,464	65,392,832			63,427,464	65,392,832	
Machinery & Equipment	4,068,732	4,580,182	\$ 80,421	\$ 108,576	4,149,153	4,688,758	
Total Capital Assets, Net of Depreciation	<u>\$ 78,520,307</u>	<u>\$ 75,160,369</u>	<u>\$ 80,421</u>	<u>\$ 108,576</u>	<u>\$ 78,600,728</u>	<u>\$ 75,268,945</u>	<u>4.43%</u>

The District's capital assets increased by \$3,331,783. Total capital construction in progress and acquisitions were \$5,858,611, offset by depreciation of \$2,526,828.

Long-Term Liabilities

The District's Long-Term Liabilities increased by \$73,855,760 or 222.79% during the fiscal year. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2022/2023	(Restated) 2021/2022	2022/2023
Net Pension Liability	\$ 24,262,590	\$ 19,598,336	
Bonds Payable	70,000,000		
Financed Purchases Payable	9,758,416	10,535,854	
Compensated Absences Payable	2,985,594	3,016,650	
	<u>\$ 107,006,600</u>	<u>\$ 33,150,840</u>	<u>222.79%</u>

- The District's net pension liability increased \$4,664,254 (\$4,653,954 for increase for PERS and \$10,300 increase for Essex County).
- Bonds Payable increased \$70,000,000.
- Financed Purchases Payable decreased \$777,438.
- Compensated Absences decreased \$31,056.

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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

The Audit for the Fiscal year 2023 reflects a stable financial position for the Montclair School District, which is supporting the current fiscal year (2022-2023) budget through an increased tax levy base. As the District prepares for the development of the 2024-2025 budget, it will be faced with the ongoing challenges of the State mandated 2% cap on the tax levy while recurring expenses in the areas of salaries, special education costs, utilities and employee health benefits continue to rise. In the area of employee health benefits, the implementation of Chapter 44 health benefit requirements has not produced the savings that the State anticipated it would and has instead increased the cost of employee health benefits to the district for January 2023 through June 2023. While the district's fund balance has remained consistent over the last several years, as compared to the historic spike in June 2011 and 2012, the ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

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

The November 2022 election had a proposal on the ballot to for a \$187.7 million Bond Referendum to address the much-needed upgrades to all the facilities within the district. The voters overwhelming voted yes (85%) for the referendum. The future projects include districtwide HVAC upgrades, boiler replacements, electrical upgrades, roof replacements, other infrastructure repairs and upgrades, practical and performing arts facility upgrades, gymnasium upgrades, science and classroom upgrades, technology upgrades, special education upgrades and athletic facility and playground upgrades. Projection for projects to be completed by 2028.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 81,836,674	\$ 818,808	\$ 82,655,482
Internal Balances	(4,945)	4,945	
Receivables from Federal Governments	5,583,313	36,373	5,619,686
Receivables from State Governments	2,283,099	1,595	2,284,694
Other Accounts Receivable		17,800	17,800
Inventories		22,948	22,948
Restricted Cash and Cash Equivalents	2,084,606		2,084,606
Capital Assets:			
Sites (Land)	5,187,355		5,187,355
Construction in Progress	5,836,756		5,836,756
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	67,496,196	80,421	67,576,617
Total Assets	<u>170,303,054</u>	<u>982,890</u>	<u>171,285,944</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	1,357,186		1,357,186
District Contributions Subsequent to the Measurement Date	2,157,677		2,157,677
Total Deferred Outflows of Resources	<u>3,514,863</u>		<u>3,514,863</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	9,500,355	38,333	9,538,688
Accrued Liability for Health Benefits	2,000,000		2,000,000
Accrued Interest Payable	986,062		986,062
Payable to Other Government	1,227,346		1,227,346
Payable to State Government	140,571		140,571
Unearned Revenue	546,898	424,831	971,729
Noncurrent Liabilities:			
Due Within One Year	1,058,801		1,058,801
Due Beyond one Year	105,947,799		105,947,799
Total Liabilities	<u>121,407,832</u>	<u>463,164</u>	<u>121,870,996</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	4,982,005		4,982,005
Total Deferred Outflows of Resources	<u>4,982,005</u>		<u>4,982,005</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	68,438,193	80,421	68,518,614
Restricted for:			
Excess Surplus	737,760		737,760
Capital Projects	1,713,615		1,713,615
Debt Service	1,325,554		1,325,554
Maintenance	184,278		184,278
Unemployment Compensation	506,934		506,934
Workers Compensation	146,901		146,901
Student Activities	322,116		322,116
Unrestricted/(Deficit)	(25,947,271)	439,305	(25,507,966)
Total Net Position	<u>\$ 47,428,080</u>	<u>\$ 519,726</u>	<u>\$ 47,947,806</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 75,616,006	\$ 29,456	\$25,198,149	\$ 546,007	\$ (49,842,394)		\$ (49,842,394)
Special Education	20,195,162		17,243,681		(2,951,481)		(2,951,481)
Other Special Instruction	2,284,811		641,922		(1,642,889)		(1,642,889)
School-Sponsored Instruction	1,931,342		118,498		(1,812,844)		(1,812,844)
Support Services:							
Tuition	7,851,105		667,149		(7,183,956)		(7,183,956)
Student & Instruction Related Services	29,809,158	748,480	2,394,414		(26,666,264)		(26,666,264)
General Administrative Services	2,784,404		96,165		(2,688,239)		(2,688,239)
School Administrative Services	8,211,148		1,932,660		(6,278,488)		(6,278,488)
Central Services	1,434,295		106,985		(1,327,310)		(1,327,310)
Administration Information Technology	1,154,332		53,386		(1,100,946)		(1,100,946)
Plant Operations and Maintenance	12,829,832		1,172,673		(11,657,159)		(11,657,159)
Pupil Transportation	10,559,266		1,259,099		(9,300,167)		(9,300,167)
Transfer to Charter Schools	93,401				(93,401)		(93,401)
Interest on Long-Term Debt	979,785				(979,785)		(979,785)
Capital Outlay	123,100				(123,100)		(123,100)
Unallocated Depreciation	2,023,702				(2,023,702)		(2,023,702)
Total Governmental Activities	177,880,849	777,936	50,884,781	546,007	(125,672,125)		(125,672,125)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,886,057	\$ 885,988	\$ 795,601		\$ (204,468)	\$ (204,468)	(204,468)
Summer Programs	229,028	258,035			29,007	29,007	29,007
Provisional Teacher	57,360	91,513			34,153	34,153	34,153
Total Business-Type Activities	2,172,445	1,235,536	795,601		(141,308)	(141,308)	(141,308)
Total Primary Government	\$ 180,053,294	\$ 2,013,472	\$ 51,680,382	\$ 546,007	\$ (125,672,125)	\$ (141,308)	(125,813,433)
General Revenues and Transfers:							
Property Taxes, Levied for General Purposes, Net					125,498,569		125,498,569
Federal and State Aid not Restricted					1,134,706		1,134,706
Interest and Miscellaneous Revenue					2,952,890	2,232	2,955,122
Transfers					(36,300)	36,300	
Total General Revenues and Transfers					129,549,865	38,532	129,588,397
Change in Net Position					3,877,740	(102,776)	3,774,964
Net Position - Beginning (Restated)					43,550,340	622,502	44,172,842
Net Position - Ending					\$ 47,428,080	\$ 519,726	\$ 47,947,806

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

FUND FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 9,703,562		\$ 72,133,112		\$ 81,836,674
Interfund Receivable	663,087			\$ 1,325,554	1,988,641
Receivables From Federal Government		\$ 2,283,099			2,283,099
Receivables From State Government	4,544,935	5,402	1,032,976		5,583,313
Restricted Cash and Cash Equivalents	1,734,383	350,223			2,084,606
Total Assets	\$16,645,967	\$ 2,638,724	\$ 73,166,088	\$ 1,325,554	\$ 93,776,333
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 6,250,567	\$ 1,092,111			\$ 7,342,678
Accrued Liability for Health Benefit Claims	2,000,000				2,000,000
Interfund Payable	4,945	638,088	\$ 1,350,553		1,993,586
Unearned Revenue		546,898			546,898
Payable to Other Government			1,227,346		1,227,346
Payable to State Government		140,571			140,571
Total Liabilities	8,255,512	2,417,668	2,577,899		13,251,079
Fund Balances:					
Restricted:					
Excess Surplus 2024-25	737,760				737,760
Capital Reserve	896,270				896,270
Maintenance Reserve	184,278				184,278
Unemployment Compensation	506,934				506,934
Workers Compensation	146,901				146,901
Student Activities		322,116			322,116
Capital Projects			70,493,647		70,493,647
Debt Service				\$ 1,325,554	1,325,554
Committed - Capital Projects			94,542		94,542
Assigned:					
Year-End Encumbrances	1,302,415				1,302,415
Unassigned/(Deficit)	4,615,897	(101,060)			4,514,837
Total Fund Balances	8,390,455	221,056	70,588,189	1,325,554	80,525,254
Total Liabilities and Fund Balances	\$16,645,967	\$ 2,638,724	\$ 73,166,088	\$ 1,325,554	\$ 93,776,333

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total Fund Balance from previous page:	\$ 80,525,254
Amounts reported for <i>Governmental Activities</i> 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.	78,520,307
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(82,744,010)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not due and payable in the current period and are not reported in the Governmental Funds.	(24,262,590)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(986,062)
Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, excluding District Contribution Subsequent to the Measurement Date:	
PERS	1,207,786
Essex County Pension	149,400
Deferred Inflows of Resources Related to Pensions	
PERS	<u>(4,982,005)</u>
Net Position of Governmental Activities	<u><u>\$ 47,428,080</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 125,498,569				\$ 125,498,569
Tuition from Individuals	29,456				29,456
Interest Earned on Capital Reserve Funds	6,058				6,058
Rents and Royalties	37,209				37,209
Miscellaneous	1,091,468	\$ 777,182	\$ 1,818,155		3,686,805
Total - Local Sources	126,662,760	777,182	1,818,155		129,258,097
State Sources	46,186,882	1,683,377	194,370		48,064,629
Federal Sources	118,462	5,353,671			5,472,133
Total Revenue	172,968,104	7,814,230	2,012,525		182,794,859
EXPENDITURES:					
Current:					
Regular Instruction	41,316,426	4,771,949			46,088,375
Special Education Instruction	10,905,316	1,181,705			12,087,021
Other Special Instruction	1,385,915				1,385,915
School Sponsored Instruction	1,636,352				1,636,352
Support Services and Undistributed Costs:					
Tuition	7,183,956	667,149			7,851,105
Student & Instruction Related Services	23,536,124	813,692			24,349,816
General Administration Services	2,414,055				2,414,055
School Administration Services	5,297,319				5,297,319
Central Services	1,333,525				1,333,525
Administration Information Technology	937,730				937,730
Plant Operations and Maintenance	12,205,594				12,205,594
Pupil Transportation	10,548,694				10,548,694
Unallocated Benefits	54,322,819				54,322,819
Capital Outlay	939,898	546,007	4,492,817		5,978,722
Charter School	93,401				93,401
Total Expenditures	174,057,124	7,980,502	4,492,817		186,530,443
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,089,020)	(166,272)	(2,480,292)		(3,735,584)
OTHER FINANCING SOURCES/(USES):					
Bond Proceeds			70,000,000		70,000,000
Transfers In/ (Out)	(14,857)		(1,346,997)	\$ 1,325,554	(36,300)
Total Other Financing Sources/(Uses)	(14,857)		68,653,003	1,325,554	69,963,700
Net Change in Fund Balances	(1,103,877)	(166,272)	66,172,711	1,325,554	66,228,116
Fund Balance - July 1	9,494,332	387,328	4,415,478		14,297,138
Fund Balance - June 30	\$ 8,390,455	\$ 221,056	\$ 70,588,189	\$ 1,325,554	\$ 80,525,254

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 66,228,116
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation.	
Depreciation expense	\$ (2,495,684)
Capital outlays	<u>5,855,622</u>
	3,359,938

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 (+).

Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the Statement of Activities. (70,000,000)

Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 777,438

In the statement of activities, interest on long-term debt is accrued, regardless of when it is due. In the Governmental Funds, interest is reported when it is due. The accrued interest is a reduction in the reconciliation. (-) (979,564)

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	(4,664,254)
Change in Deferred Outflows of Resources Related to Pensions	815,363
Change in Deferred Inflows of Resources Related to Pensions	<u>8,309,647</u>
	<u>4,460,756</u>

Total Change in Net Position - Governmental Activities (Exhibit A-2) \$ 3,877,740

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 407,283	\$ 411,525	\$ 818,808
Intergovernmental Accounts Receivable:			
State	1,595		1,595
Federal	36,373		36,373
Accounts Receivable:			
Other		2,800	2,800
Student - (less allowance of \$74,930)	15,000		15,000
Interfund Receivable	4,945		4,945
Inventories	22,948		22,948
Total Current Assets	488,144	414,325	902,469
Non-Current Assets:			
Capital Assets	576,577		576,577
Less: Accumulated Depreciation	(496,156)		(496,156)
Total Non-Current Assets	80,421		80,421
Total Assets	568,565	414,325	982,890
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	205,453	219,378	424,831
Accounts Payable	38,333		38,333
Total Liabilities	243,786	219,378	463,164
NET POSITION:			
Investment in Capital Assets	80,421		80,421
Unrestricted	244,358	194,947	439,305
Total Net Position	\$ 324,779	\$ 194,947	\$ 519,726

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Fund Food Service Program	Non-Major Funds	Total Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 700,939		\$ 700,939
Daily Sales - Non-Reimbursable Programs	185,049		185,049
Program Fees		\$ 258,035	258,035
Mentor Fees		91,513	91,513
Total Operating Revenue	885,988	349,548	1,235,536
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	620,150		620,150
Non-Reimbursable Programs	195,837		195,837
Total Cost of Sales	815,987		815,987
Salaries, Benefits & Payroll Taxes	740,931	268,752	1,009,683
Administrative Expenses	109,876	125	110,001
Supplies and Materials	88,852	14,439	103,291
Management Fee	99,267		99,267
Purchased Professional Services		3,072	3,072
Depreciation Expense	31,144		31,144
Total Operating Expenses	1,886,057	286,388	2,172,445
Operating Income/(Loss)	(1,000,069)	63,160	(936,909)
Non-Operating Revenue:			
Local Sources:			
Interest Income	2,232		2,232
State Sources:			
State School Lunch Program	22,052		22,052
State School Breakfast Program	181		181
Federal Sources:			
School Breakfast Program	24,880		24,880
National School Lunch Program	475,462		475,462
Food Distribution Program	51,777		51,777
Supply Chain Assistance Grant	157,651		157,651
Paycheck Protection Program Reimbursement from Food Service Mangement Contractor	63,598		63,598
Total Non-Operating Revenue	797,833		797,833
Change in Net Position Before Transfer	(202,236)	63,160	(139,076)
Transfer In - Board Contribution	36,300		36,300
Change in Net Position	(165,936)	63,160	(102,776)
Net Position - Beginning of Year	490,715	131,787	622,502
Net Position - End of Year	\$ 324,779	\$ 194,947	\$ 519,726

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major</u>	<u>Enterprise</u>
	<u>Program</u>	<u>Funds</u>	<u>Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 888,421	\$ 386,049	\$ 1,274,470
Payments to Employees		(271,824)	(271,824)
Payments to Food Service Management Contractor	(1,878,993)		(1,878,993)
Payments to Suppliers	(2,050)	(14,564)	(16,614)
Net Cash Provided by/(Used for) Operating Activities	(992,622)	99,661	(892,961)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(2,989)		(2,989)
Net Cash Used for Capital and Related Financing Activities	(2,989)		(2,989)
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	2,232		2,232
Net Cash Provided by Investing Activities	2,232		2,232
Cash Flows from Noncapital Financing Activities:			
Interfund Returned		1,479	1,479
Cash Received from PPP Loan Reimbursement	63,598		63,598
Cash Received from State and Federal Subsidy Reimbursements	1,153,920		1,153,920
Cash Received from Transfers - General Fund Board Contribution	36,300		36,300
Net Cash Provided by Noncapital Financing Activities	1,253,818	1,479	1,255,297
Net Increase/ (Decrease) in Cash and Cash Equivalents	260,439	101,140	361,579
Cash and Cash Equivalents, July 1	146,843	310,385	457,228
Cash and Cash Equivalents, June 30	\$ 407,282	\$ 411,525	\$ 818,807
Reconciliation of Operating Income/(Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (1,000,069)	\$ 63,160	\$ (936,909)
Adjustment to Reconcile Operating Income/(Loss) to			
Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	51,777		51,777
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable		36,501	36,501
Decrease in Inventory	1,960		1,960
(Decrease) in Unearned Revenue	(2,559)		(2,559)
(Decrease) in Accounts Payable	(74,875)		(74,875)
Net Cash Provided by/(Used for) Operating Activities	\$ (992,622)	\$ 99,661	\$ (892,961)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$46,786 and utilized \$51,777 for the fiscal year ended June 30, 2023.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

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

The District reports the following governmental funds:

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation (Cont'd)

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, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the Township of Montclair and from aid provided by the state to offset the cost of approved capital projects. There are also several projects financed with capital reserve funds.

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

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the District's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Food Service, Provisional Teacher, and Summer Programs. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis is financed or recovered primarily through user charges. None of the District's individual Enterprise Funds except for the Food Service Fund are considered to be major funds.

C. Measurement Focus and Basis of Accounting

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office by the Board of School Estimate and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 173,022,004	\$ 8,086,459
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances:		
Federal		(326,947)
State		(146,682)
Local		(5,200)
Prior Year Encumbrances:		
Federal		403,335
State		59,133
Local		10,000
Cancelled		(164,808)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	772,907	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(826,807)	(101,060)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 172,968,104</u>	<u>\$ 7,814,230</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 174,057,124	\$ 8,151,671
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(478,829)
Prior Year Encumbrances		472,468
Prior Year Encumbrances Canceled		(164,808)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 174,057,124</u>	<u>\$ 7,980,502</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	Capital Projects Fund	
	Revenue and Other Financing Sources	Fund Balance
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ 71,346,997	\$ 73,873,732
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	665,529	(3,285,543)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 72,012,526	\$ 70,588,189

E. Cash and Cash Equivalents

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

F. Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts

As of June 30, 2023 the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amount of \$200,911. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

K. Capital Assets

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

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

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

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of 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. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have a portion of their salaries withheld as summer savings until year-end. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2023, the balance in the summer savings was paid to the District employees. In addition, the District had \$13,534 in accrued salaries and wages as of June 30, 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

O. Long Term Liabilities

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

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. 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.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated

General Fund: Of the \$8,390,455 General Fund fund balance at June 30, 2023, \$1,302,415 is assigned for encumbrances; \$896,270 is restricted in the capital reserve; \$184,278 is restricted in the maintenance reserve; \$506,934 is restricted for unemployment compensation; \$737,760 is restricted for excess surplus to be utilized in the 2025 fiscal budget; \$146,901 is restricted for workers compensation and \$4,615,897 is unassigned which is \$826,807 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis at June 30, 2023.

Special Revenue Fund: Of the \$221,056 Special Revenue Fund fund balance at June 30, 2023. \$322,116 is restricted for Student Activities and the deficit fund balance of \$101,060 is unassigned. This deficit is due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024 on a GAAP basis.

Capital Projects Fund: The Capital Projects Fund has \$70,588,189 in restricted fund balance and \$94,542 in committed fund balance at June 30, 2023 which is \$3,285,543 less on the GAAP basis due to the SDA grants and Township receivables not recognized on the GAAP basis.

Debt Service Fund: The District has \$1,325,554 of restricted fund balance in Debt Service Fund at June 30, 2023.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus at June 30, 2023 is \$737,760.

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

U. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources related to pensions at June 30, 2023.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources related to pensions at June 30, 2023.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

U. Net Position (Cont'd)

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization and subscription 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.

V. Deficit Net Position/Fund Balance

The District has a deficit in unrestricted net position of \$25,947,270 in governmental activities, which is primarily a result of compensated absences, accrued interest and ESIP lease payable, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions. The District has a deficit in fund balance of \$101,060 in the Special Revenue Fund as of June 30, 2023 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not mean that the District is facing financial difficulties and are a permitted practice by generally accepted accounting principles.

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

W. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances in the General Fund at June 30, 2023.

X. Revenue - Exchange and Non-exchange Transactions

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

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

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

Y. Operating Revenue and Expenses

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

Z. 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Deposits:

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

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

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

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

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

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;

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 82,655,482	\$ 2,084,606	\$ 84,740,088

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$84,740,088 and the bank balance was \$87,216,860.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance July 1, 2022	\$ 1,240,213
Increased by:	
Interest Earnings	6,058
	1,246,271
Decreased by:	
Withdrawal by Budget Appropriation	350,000
Balance June 30, 2023	\$ 896,271

The balance in the capital reserve at June 30, 2023 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance July 1, 2022	\$	584,278
Decreased by:		
Budgeted Withdrawal		400,000
Balance June 30, 2023	\$	184,278

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2023, there was \$354,296 in transfers to the capital outlay accounts. \$1,296 was transferred to equipment which did not require approval from the County Superintendent. The \$350,000 transferred to facilities acquisition and construction services was a Board approved withdrawal from Capital Reserve. The district had \$300,000 in transfers to capital outlay for facilities acquisition and construction services which required county approval.

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustment/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Construction in Progress		\$ 5,836,756		5,836,756
Total Capital Assets Not Being Depreciated	<u>5,187,355</u>	<u>5,836,756</u>		<u>11,024,111</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	97,696,988			97,696,988
Machinery and Equipment	10,593,877	18,866		10,612,743
Total Capital Assets Being Depreciated	<u>108,290,865</u>	<u>18,866</u>		<u>108,309,731</u>
Governmental Activities Capital Assets	<u>113,478,220</u>	<u>5,855,622</u>		<u>119,333,842</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(32,304,156)	(1,965,368)		(34,269,524)
Machinery and Equipment	(6,013,695)	(530,316)		(6,544,011)
	<u>(38,317,851)</u>	<u>(2,495,684)</u>		<u>(40,813,535)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 75,160,369</u>	<u>\$ 3,359,938</u>	<u>\$ -0-</u>	<u>\$ 78,520,307</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 573,588	\$ 2,989		\$ 576,577
Less Accumulated Depreciation	(465,012)	(31,144)		(496,156)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 108,576</u>	<u>\$ (28,155)</u>	<u>\$ -0-</u>	<u>\$ 80,421</u>

The District had active construction projects totaling \$21,070,552 with unexpended balances of \$8,366,549 as of June 30, 2023. The District had \$5,745,296 in outstanding construction commitments at June 30, 2023. The increases totaling \$5,855,622 represent current fiscal year capitalized expenditures in the government type, and \$2,989 represents the business type.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

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

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated)				
	Balance	Accrued	Retired	Balance	Due within
	6/30/2022			6/30/2023	1 Year
Compensated Absences Payable	\$ 3,016,650		\$ 31,056	\$ 2,985,594	
Bonds Payable		\$70,000,000		70,000,000	
Net Pension Liability:					
PERS	18,705,243	4,653,954		23,359,197	
Essex County	893,093	10,300		903,393	
Financed Purchases Payable	10,535,854		777,438	9,758,416	\$ 1,058,801
	\$33,150,840	\$74,664,254	\$ 808,494	\$ 107,006,600	\$ 1,058,801

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated by the Debt Service Fund.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

A. Bonds Payable: (Cont'd)

On February 1, 2023, the District issued debt in the amount of \$70,000,000 with interest rates ranging from 3.00-4.00% with consent of the taxpayers through a referendum to repair the infrastructure of its buildings. The bonds finally mature on January 15, 2043.

The Districts has bonds outstanding of June 30, 2023 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
School Bonds	1/15/2043	3.00% - 4.00%	\$ 70,000,000

Principal and interest due on School Bonds outstanding are as follows:

Fiscal Year	Bonds		Total
	Principal	Interest	
2024		\$ 2,241,990	\$ 2,241,990
2025	\$ 2,100,000	2,346,269	4,446,269
2026	2,990,000	2,283,269	5,273,269
2027	3,075,000	2,193,569	5,268,569
2028	3,170,000	2,101,318	5,271,318
Thereafter:			
2029-2034	17,360,000	9,021,294	26,381,294
2035-2039	20,305,000	6,192,950	26,497,950
2040-2043	21,000,000	2,520,000	23,520,000
	\$ 70,000,000	\$ 28,900,659	\$ 98,900,659

B. Bonds Authorized But Not Issued:

As of June 30,2023, the Board has \$117,730,769 of bonds authorized but not issued.

C. Financed Purchases Payable:

The District has a financed purchases agreement for school buses, maintenance vehicles and equipment totaling \$360,000 of which \$286,157 has been liquidated as of June 30, 2023. The equipment finance purchase agreement lease is for four years with the final payment occurring in fiscal year 2023-24.

On December 22, 2020, the District entered into a \$10,720,000 energy savings improvement program (“ESIP”) financed purchase with an interest rate of 1.501%. The financed purchase matures on December 15 and June 15 commencing December 15, 2021 through December 15, 2036.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

C. Financed Purchases Payable: (Cont'd)

The ESIP financed purchase is funding the implementation of the District's ESIP, entailing various permitted energy conservation measures under the ESIP Law. This includes installation of interior and exterior lighting upgrades and replacements, lighting occupancy sensors, energy management systems, HVAC systems and control systems, building exterior weatherization improvements and small-scale solar PV systems.

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

The following is a schedule of the future minimum financed purchases payments under these financed purchases at June 30, 2023.

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 1,202,270
2025	893,925
2026	766,218
2027	781,008
2028	680,689
Thereafter (2029-2036)	6,454,260
	<u>10,778,370</u>
Less: Amount Representing Interest	<u>(1,019,954)</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 9,758,416</u>

The current portion of the financed purchases payable at June 30, 2023 is \$1,058,801 and the long-term portion is \$8,699,615. Financed purchases payable will be liquidated by the General Fund.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. The entire compensated absences balance of \$2,985,594 in the governmental funds is a long-term portion. Compensated absences will be liquidated through the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Enterprise Funds.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$23,359,197. See Note 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$903,393. See Note 9 for further information on the Board of Education Employee's Pension Fund of Essex County.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$2,004,407 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$49,149 to the PERS for normal pension benefits on behalf of the District.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$23,359,197 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.155%, which was a decrease of 0.003% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$2,442,384 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$49,149 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. 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)

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions:	2018	5.63		\$ (561,509)
	2019	5.21		(701,698)
	2020	5.16		(2,063,372)
	2021	5.13		(171,218)
	2022	5.04	\$ 72,374	
Subtotal			<u>72,374</u>	<u>(3,497,797)</u>
Changes in Proportion:	2018	5.63		(24,859)
	2019	5.21		(61,872)
	2020	5.16		(350,511)
	2021	5.13		(423,844)
	2022	5.04		(474,444)
Subtotal				<u>(1,335,530)</u>
Difference Between Expected and Actual Experience:	2018	5.63		(21,383)
	2019	5.21	53,638	
	2020	5.16	114,958	
	2021	5.13		(57,556)
	2022	5.04		(69,739)
Subtotal			<u>168,596</u>	<u>(148,678)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2019	5.00	23,109	
	2020	5.00	694,395	
	2021	5.00	(4,331,192)	
	2022	5.00	4,580,504	
Subtotal			<u>966,816</u>	
District Contribution Subsequent to the Measurement Date	2022	1.00	2,027,677	
			<u>\$ 3,235,463</u>	<u>\$ (4,982,005)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. 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 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
2023	\$ (2,003,730)
2024	(1,020,832)
2025	(497,840)
2026	1,086,099
2027	(2,386)
	\$ (2,438,689)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	2.75 – 6.55% 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the 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, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 30,009,726	\$ 23,359,197	\$ 17,699,330

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 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 2023, the State of New Jersey contributed \$22,307,401 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$7,525,228.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$279,615,273. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. 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)

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, 2022, the District's proportion was 0.541%, which was an increase of 0.017% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>279,615,273</u>
Total	\$	<u><u>279,615,273</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$7,525,228 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following source found on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. 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)

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience:	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Plan Investments: Actual Investment Earnings on Pension Plan Investments:	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. 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 of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 payments in determining the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	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	\$ 327,854,849	\$ 279,615,273	\$ 238,979,491

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$234,280 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$211,319 for the fiscal year ended June 30, 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Plan Description

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

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

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

Plan Membership

At June 30, 2023, pension plan membership consisted of the following:

	2022
Retirees and beneficiaries currently receiving benefits	377
Active Fund members	6
Inactive Fund members	8
Total	391
Number of participating employers (Boards)	17

Benefits Provided

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

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and the cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute and may be amended by the State of New Jersey. District contributions to the Plan amounted to \$127,820 for fiscal year 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported a liability of \$903,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. 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, 2023, the District's proportion was 2.8691%, which was an increase of 0.0311% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the District recognized a pension expense of \$115,229. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pension from the sources noted in the below table.

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2019	5 years	\$ (9,425)	
2022	5 years	(22,302)	
2021	5 years	(122,899)	
2022	5 years	276,812	
2023	5 years	27,214	
Subtotal		149,400	
District Contribution Subsequent to the Measurement Date -2023	1 year	130,000	
		\$ 279,400	\$ -0-

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension (excluding the District contribution subsequent to the measurement date) expense as follows:

Fiscal Year Ending June 30,	Total
2024	\$ 13,103
2025	22,528
2026	33,679
2027	74,646
Thereafter 2028	5,444
	\$ 149,400

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2023. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Note

Inflation Rate	2.00%
Salary Increases	3.00%
Investment Rate of Return	5.00%
Cost of Living Adjustments ("COLA")	2.00%

Mortality Rates:

Active members, inactive members and healthy retirees:

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

Disabled retirees:

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

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

Long Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	2.01%
U.S. Domestic Equity	7.31%

* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 5.00% for the year ended June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2023		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 1,186,411	\$ 903,393	\$ 657,373

Pension Plan Fiduciary Net Position

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employee Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employee Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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 Total OPEB Liability

	Liability
Balance at June 30, 2021	\$ 268,722,872
Changes for Year:	
Service Cost	12,250,978
Interest Cost	5,940,680
Difference Between Expected and Actual Experience	3,083,291
Changes in Assumptions	(60,134,887)
Member Contributions	188,775
Gross Benefit Payments	(5,884,420)
Net Changes	(44,555,583)
Balance at June 30, 2022	\$ 224,167,289

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, 2022 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, 2022		
	At 1%	At	At 1%
	Decrease	Discount Rate	Increase
	(2.54%)	(3.54%)	(4.54%)
Total OPEB Liability Attributable to the District	\$ 263,485,068	\$ 224,167,289	\$ 192,656,055

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employee Plan (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, 2022 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 18,529,494	\$ 224,167,289	\$ 275,237,641

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$7,693,307 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, 2022, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employee Plan (Cont'd)

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 11,639,005
	2018	9.51		11,106,923
	2019	9.29	\$ 1,568,130	
	2020	9.24	37,024,235	
	2021	9.24	205,318	
	2022	9.13		53,548,371
			<u>38,797,683</u>	<u>76,294,299</u>
Differences between Expected and Actual Experience	2018	9.51		10,499,498
	2019	9.29		18,456,972
	2020	9.24	34,508,040	
	2021	9.24		39,484,395
	2022	9.13	5,514,713	
				<u>40,022,753</u>
Changes in Proportion	N/A	N/A	<u>5,944,720</u>	<u>3,021,839</u>
			<u>\$ 93,053,478</u>	<u>\$ 109,479,972</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (11,141,213)
2024	(11,141,213)
2025	(11,141,213)
2026	(9,628,800)
2027	(5,505,876)
Total Thereafter	<u>(17,356,413)</u>
	<u>\$ (65,914,728)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 17,037	\$ 290,529	\$ 393,973	\$ 506,934
2021-2022	668	366,281	262,209	593,341
2020-2021	334	369,071	295,419	488,601

Health Benefits

The District is self-insured for health benefits (medical, prescription and dental) to the extent of the amounts deductible from stop loss reimbursement. The stop loss policy reimburses the District for individual claimants who exceed a specific deductible which is \$125,000/person.

Aetna is the District’s claims administrator.

The District has recorded an accrued liability for insurance claims of \$2,000,000 which includes an estimate for incurred but not reported claims for medical, prescription and dental claims as well as a risk corridor reserve which it believes is sufficient to meet these liabilities.

Property and Liability Insurance

The District is a member of the New Jersey Schools Insurance Group (“NJSIG”) and maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

NJSIG 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 for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for NJSIG are elected.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

As a member of NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of NJSIG were to be exhausted, members would become responsible for their respective shares of the liabilities. 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 among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for NJSIG as of June 30, 2023 is as follows:

Total Assets	<u>\$ 429,049,188</u>
Net Position	<u>\$ 201,308,725</u>
Total Revenue	<u>\$ 160,069,780</u>
Total Expenses	<u>\$ 141,165,428</u>
Change in Net Position	<u>\$ 16,304,414</u>
Member Dividends	<u>\$ 2,599,938</u>

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

New Jersey Schools Insurance Group
6000 Midlantic Drive, Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 663,087	\$ 4,945
Special Revenue Fund		638,088
Capital Projects Fund		1,350,553
Debt Service Fund	1,325,554	
Proprietary Funds - Food Service	4,945	
	<u>\$ 1,993,586</u>	<u>\$ 1,993,586</u>

The General Fund interfund payable is for the Board's share of expenses in the food service fund. The Special Revenue Fund interfund payable to the General Fund represents an interfund advance for cash deficits at year end. The Capital Projects Fund interfund payable to the General Fund and Debt Service Fund represents the interest earnings not turned over by year end.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

Lincoln National Life Insurance Company	MetLife Investors
Valic	AXA Equitable

NOTE 14. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

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

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,302,415	\$ 478,829	\$ 3,247,166	\$ 5,028,410

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$478,829 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on the GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$3,247,166 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the committed and restricted fund balances on the GAAP basis at June 30, 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issue. The amount of the liability at June 30, 2023, if any, is unknown and has not been recorded in the financial statements.

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. TAX CALENDAR

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2023, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	<u>Governmental Funds</u>		District	Total	Business-
	General	Special	Contribution		Type
	Fund	Revenue	Subsequent to	Governmental	Enterprise
		Fund	Measurement	Activities	Funds
			Date		
Accrued Salaries and Wages	\$ 13,534			\$ 13,534	
Payroll Deductions and Withholdings	824,558			824,558	
Vendors	5,412,475	\$ 1,092,111		6,504,586	\$ 38,333
Due to Other Governmental Units			\$ 130,000	130,000	
Due to State of New Jersey			2,027,677	2,027,677	
	<u>\$ 6,250,567</u>	<u>\$ 1,092,111</u>	<u>\$ 2,157,677</u>	<u>\$ 9,500,355</u>	<u>\$ 38,333</u>

NOTE 18. TAX ABATEMENTS

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

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

The Township of Montclair recognized revenue in the amount of \$5,175,361 from thirteen payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatement would have been \$7,340,174 of which \$3,931,279 would have been for the local school tax.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19: PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements due to the prior year inclusion of the accrual for vacation days that are not eligible for payment in connection with the compensated absence payable recorded as a long term liability in the governmental activities. The balance has been restated to reflect this change.

	Balance June 30, 2022 as Previously Reported	Retroactive Adjustments	Balance June 30, 2022 as Restated
	<u> </u>	<u> </u>	<u> </u>
<u>Statement of Net Position - Governmental Activities:</u>			
Liabilities:			
Non Current Liabilities:			
Due Beyond One Year	\$ 33,525,267	\$(1,151,865)	\$ 32,373,402
Total Liabilities	44,987,685	(1,151,865)	43,835,820
Net Position:			
Unrestricted/(Deficit)	(26,488,939)	1,151,865	(25,337,074)
Total Net Position	42,398,475	1,151,865	43,550,340

**SCHEDULES OF
REQUIRED SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.1834481391%	0.1874481079%	0.1825392922%	0.1669622573%
District's proportionate share of the net pension liability	\$ 34,346,509	\$ 42,078,344	\$ 54,062,903	\$ 38,866,145
District's covered employee payroll	\$ 12,540,380	\$ 12,661,086	\$ 11,630,446	\$ 11,582,100
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.89%	332.34%	464.84%	335.57%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%
				282.55%
				53.60%

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
District's proportion of the net pension liability	0.1648010734%	0.1610819237%	0.1578967963%
District's proportionate share of the net pension liability	\$ 29,694,653	\$ 26,268,249	\$ 18,705,243
District's covered employee payroll	\$ 11,542,814	\$ 11,540,242	\$ 11,410,819
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	257.26%	227.62%	163.93%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	58.32%	70.33%
			206.89%
			62.91%

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

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

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

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually required contribution	\$ 1,607,398	\$ 1,762,157	\$ 1,849,155
Contributions in relation to the contractually required contribution	<u>(1,607,398)</u>	<u>(1,762,157)</u>	<u>(1,849,155)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 11,540,242	\$ 11,410,819	\$ 11,290,895
Contributions as a percentage of covered employee payroll	13.93%	15.44%	16.38%
			17.76%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2019
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%	0.5322463961%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891	\$ 338,603,725
District's covered employee payroll	\$ 52,752,552	\$ 54,991,616	\$ 54,689,497	\$ 57,804,767
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	527.98%	588.70%	762.33%	585.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	26.49%

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.5417765739%	0.5448232147%	0.5243481699%
State's proportionate share of the net pension liability attributable to the District	\$ 332,493,397	\$ 358,759,531	\$ 252,081,372
District's covered employee payroll	\$ 57,138,745	\$ 59,042,411	\$ 61,800,696
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	581.91%	607.63%	407.89%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	24.60%	35.52%
			0.5419487140%
			\$ 279,615,273
			\$ 61,501,957
			454.64%
			32.29%

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

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

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

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
	2023		
Contractually required contribution	\$ 19,611,349	\$ 22,309,195	\$ 5,931,585
Contributions in relation to the contractually required contribution	<u>(11,950,060)</u>	<u>(15,242,167)</u>	<u>(22,310,165)</u>
Contribution deficiency/(excess)	<u>\$ 7,661,289</u>	<u>\$ 7,067,028</u>	<u>\$ (14,782,173)</u>
District's covered employee payroll	\$ 59,042,411	\$ 61,800,696	\$ 61,501,957
Contributions as a percentage of covered employee payroll	20.24%	24.66%	36.28%
			36.35%

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

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

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

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
District's Proportion of the Net Pension Liability	2.6889163%	2.6085039%	2.8379323%
District's Proportionate Share of the Net Pension Liability	\$ 715,652	\$ 562,017	\$ 893,093
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	79.52%	83.63%	74.53%
			73.52%

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

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

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

	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Contractually Required Contribution	\$ 97,009	\$ 121,457	\$ 130,832	\$ 127,820
Contributions in Relation to the Contractually Required Contribution	<u>(97,009)</u>	<u>(121,457)</u>	<u>(130,832)</u>	<u>(127,820)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%

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

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

	Fiscal Years Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 10,369,245	\$ 8,618,450	\$ 7,533,102	\$ 7,788,747	\$ 14,002,863	\$ 12,250,978
Interest Cost	7,346,466	8,534,408	7,929,403	6,612,864	6,970,954	5,940,680
Change of Benefit Terms					(286,023)	
Difference Between Expected and Actual Experience		(21,290,781)	(29,125,963)	53,580,575	(48,585,817)	3,083,291
Changes in Assumptions	(30,174,830)	(22,959,107)	2,738,604	55,104,510	265,116	(60,134,887)
Member Contributions	198,154	184,898	167,134	159,182	178,213	188,775
Gross Benefit Payments	(5,381,316)	(5,349,818)	(5,638,264)	(5,251,804)	(5,491,159)	(5,884,420)
Net Change in Total OPEB Liability	(17,642,281)	(32,261,950)	(16,395,984)	117,994,074	(32,945,853)	(44,555,583)
Total OPEB Liability - Beginning	249,974,866	232,332,585	200,070,635	183,674,651	301,668,725	268,722,872
Total OPEB Liability - Ending	<u>\$ 232,332,585</u>	<u>\$ 200,070,635</u>	<u>\$ 183,674,651</u>	<u>\$ 301,668,725</u>	<u>\$ 268,722,872</u>	<u>\$ 224,167,289</u>
District's Covered Employee Payroll *	\$ 66,319,943	\$ 67,867,268	\$ 69,370,817	\$ 68,681,159	\$ 70,582,653	\$ 73,211,515
Total OPEB Liability as a Percentage of Covered Employee Payroll	350%	295%	265%	439%	381%	306%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are based on the payroll on the June 30, 2016 - 2021 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

In the July 1, 2021 actuarial valuation, the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

Benefit Changes

There were none.

Changes of Assumptions

With respect to the long term expected rate of return there were the following changes:

<u>Asset Class</u>	<u>Real Rate of Return</u>	
	<u>2023</u>	<u>2022</u>
U.S. Fixed Income	2.01%	0.70%
U.S. Domestic Equity	7.31%	6.70%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% 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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 125,498,569		\$ 125,498,569	\$ 125,498,569	\$ (544)
Tuition - From Individuals	30,000		30,000	29,456	(100)
Interest Earned on Maintenance Reserve	100		100		
Interest Earned on Capital Reserve	100		100	6,058	5,958
Rents and Royalties	100,000		100,000	37,209	(62,791)
Unrestricted Miscellaneous Revenue	217,000		217,000	1,091,468	874,468
Total - Local Sources	125,845,769		125,845,769	126,662,760	816,991
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	6,160,484		6,160,484	6,160,484	
Adjustment Aid	322,539		322,539	322,539	
Security Aid	755,225		755,225	755,225	
Extraordinary Aid	1,700,000		1,700,000	4,258,959	2,558,959
Nonpublic Transportation Aid				62,712	62,712
Other State Aid - Capital Projects				500,000	500,000
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				5,941,403	5,941,403
Pension				22,307,401	22,307,401
Non-Contributory Insurance				309,490	309,490
Long-Term Disability Insurance				7,114	7,114
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,440,066	4,440,066
Total State Sources	10,113,637		10,113,637	46,240,782	36,127,145
REVENUES:					
Federal Sources:					
Medicaid Reimbursement	87,584		87,584	112,572	24,988
COVID 19 - Family First Coronavirus Response Cares Act				5,890	5,890
Total Federal Sources	87,584		87,584	118,462	30,878
TOTAL REVENUES	136,046,990		136,046,990	173,022,004	36,975,014

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 2,004,189	\$ 133,692	\$ 2,137,881	\$ 2,137,878	\$ 3
Grades 1-5 - Salaries of Teachers	14,402,145	240,196	14,642,341	14,641,788	553
Grades 6-8 - Salaries of Teachers	9,864,387	37,895	9,902,282	9,900,779	1,503
Grades 9-12 - Salaries of Teachers	10,977,001	432,454	11,409,455	11,408,176	1,279
Regular Programs - Home Instruction:					
Salaries of Teachers	150,000	4,995	154,995	154,995	
Purchased Professional-Educational Services	119,655	(55,084)	64,571	9,916	54,655
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,068,616	(25,628)	1,042,988	1,042,887	101
Other Purchased Services (400-500 Series)	390,059	(178,029)	212,030	189,826	22,204
General Supplies	1,973,519	(104,822)	1,868,697	1,757,948	110,749
Textbooks	192,500	(81,256)	111,244	72,233	39,011
Total Regular Programs - Instruction	41,142,071	404,413	41,546,484	41,316,426	230,058
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild/Moderate:					
Salaries of Teachers	838,877	(151,641)	687,236	687,236	
General Supplies	10,000	(10,000)			
Total Learning and/or Language Disabilities - Mild/Moderate	848,877	(161,641)	687,236	687,236	
Emotional Regulation:					
Salaries of Teachers	234,763	72,325	307,088	307,088	
General Supplies	4,500	(4,067)	433		433
Total Emotional Regulation	239,263	68,258	307,521	307,088	433

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Multiple Disabilities:					
Salaries of Teachers	\$ 217,669	\$ (1,361)	\$ 216,308	\$ 216,308	
General Supplies	6,000	(6,000)			
Total Multiple Disabilities	223,669	(7,361)	216,308	216,308	
Resource Room/Resource Center:					
Salaries of Teachers	8,631,487	44,264	8,675,751	8,675,751	
General Supplies	11,200	(8,446)	2,754	1,957	\$ 797
Total Resource Room/Resource Center	8,642,687	35,818	8,678,505	8,677,708	797
Autism:					
Salaries of Teachers	612,796	(128,168)	484,628	484,628	
General Supplies	8,000	(4,625)	3,375	2,104	1,271
Total Autism	620,796	(132,793)	488,003	486,732	1,271
Preschool Disabilities - Full-Time:					
Salaries of Teachers	622,008	(200,528)	421,480	421,480	
General Supplies	5,000		5,000	4,018	982
Total Preschool Disabilities - Full-Time	627,008	(200,528)	426,480	425,498	982
Home Instruction:					
Salaries of Teachers	100,000	846	100,846	100,846	
Purchased Professional-Educational Services	75,000	(61,100)	13,900	3,900	10,000
Total Home Instruction	175,000	(60,254)	114,746	104,746	10,000
Total Special Education Instruction	11,377,300	(458,501)	10,918,799	10,905,316	13,483

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 605,164	\$ (16,527)	\$ 588,637	\$ 588,563	\$ 74
General Supplies	2,000	(1,122)	878	878	
Total Basic Skills/Remedial - Instruction	607,164	(17,649)	589,515	589,441	74
Bilingual Education - Instruction:					
Salaries of Teachers	334,040	(22,436)	311,604	311,604	
General Supplies	500	-	500	499	1
Total Bilingual Education - Instruction	334,540	(22,436)	312,104	312,103	1
Vocational Programs - Local - Instruction:					
Salaries of Teachers	330,567	(2,179)	328,388	328,388	
General Supplies	10,000	2,000	12,000	10,412	1,588
Total Vocational Programs - Local - Instruction	340,567	(179)	340,388	338,800	1,588
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	330,000	(9,518)	320,482	320,482	
Total School-Sponsored Cocurricular Activities - Instruction	330,000	(9,518)	320,482	320,482	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,052,755	11,417	1,064,172	1,064,172	
Purchased Services (300-500 Series)	117,187	(25,009)	92,178	78,403	13,775
Supplies and Materials	216,611	(50,792)	165,819	123,371	42,448
Other Objects	46,420	22,857	69,277	49,924	19,353
Total School-Sponsored Cocurricular Athletics - Instruction	1,432,973	(41,527)	1,391,446	1,315,870	75,576

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Before/After School Programs - Instruction:					
Salaries of Teachers	\$ 15,000		\$ 15,000	\$ 14,612	\$ 388
Total Before/After School Programs - Instruction	15,000		15,000	14,612	388
Summer School - Instruction:					
Salaries of Teachers		\$ 204	204	204	
Total Summer School - Instruction		204	204	204	
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	13,000	1,335	14,335	14,335	
Other Salaries for Instruction	25,000		25,000	25,000	
Purchased Professional and Technical Services	45,000	(15,347)	29,653	29,636	17
Total Other Supplemental/At-Risk Programs - Instruction	83,000	(14,012)	68,988	68,971	17
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	17,000	(12,000)	5,000	5,000	
Total Other Supplemental/At-Risk Programs - Support	17,000	(12,000)	5,000	5,000	
Total Other Supplemental/At-Risk Programs	100,000	(26,012)	73,988	73,971	17

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Instructional Programs - Instruction:					
Salaries	\$ 5,000	\$ (4,694)	\$ 306	\$ 306	
Purchased Services (300-500 series)	35,106	(2,218)	32,888	22,848	\$ 10,040
Supplies and Materials	32,650	(17,195)	15,455	14,841	614
Total Other Instructional Programs - Instruction	72,756	(24,107)	48,649	37,995	10,654
Community Service Programs/Operations:					
Salaries	40,000	(21,211)	18,789	18,789	
Total Community Service Programs/Operations	40,000	(21,211)	18,789	18,789	
Total Instruction	55,792,371	(216,523)	55,575,848	55,244,009	331,839
Undistributed Expenditures:					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	30,000	13,875	43,875	43,875	
Tuition to Other LEAs Within the State - Special	210,000	(62,739)	147,261	147,261	
Tuition to County Vocational School Districts - Regular	30,000	(9,311)	20,689	20,689	
Tuition to County Vocational School Districts - Special	50,000	(3,519)	46,481	36,416	10,065
Tuition to CSSD and Regional Day Schools	93,951	116,640	210,591	290,322	(79,731)
Tuition to Private Schools for the Disabled - Within State	5,896,715	662,318	6,559,033	6,474,853	84,180
Tuition to Private Schools for the Disabled - Out of State	100,000	(10,000)	90,000	90,000	
Tuition - State Facilities	80,540	(80,540)		80,540	(80,540)
Total Undistributed Expenditures - Instruction (Tuition)	6,491,206	626,724	7,117,930	7,183,956	(66,026)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 219,103	\$ (3,360)	\$ 215,743	\$ 215,743	
Purchased Professional and Technical Services	150,000	5,000	155,000	155,000	
Other Purchased Services (400-500 Series)	15,128	9,658	24,786	24,786	
Other Objects		176	176	168	\$ 8
Total Attendance and Social Work	384,231	11,474	395,705	395,697	8
Health Services:					
Salaries	1,647,628	(29,779)	1,617,849	1,617,848	1
Purchased Professional and Technical Services	229,060	(16,415)	212,645	183,906	28,739
Supplies and Materials	94,000	(37,426)	56,574	48,780	7,794
Total Health Services	1,970,688	(83,620)	1,887,068	1,850,534	36,534
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,399,511	285,185	2,684,696	2,684,696	
Purchased Professional - Educational Services	110,000	18,913	128,913	132,018	(3,105)
Supplies and Materials	30,000	(3,336)	26,664	18,612	8,052
Total Other Support Services - Speech, OT, PT & Related Services	2,539,511	300,762	2,840,273	2,835,326	4,947
Other Support Services - Students - Extraordinary Services:					
Salaries	7,489,481	(198,281)	7,291,200	7,223,362	67,838
Purchased Professional - Educational Services	1,300,000	474,958	1,774,958	1,762,010	12,948
Supplies and Materials	10,000	(3,223)	6,777	6,777	
Total Other Support Services - Students - Extraordinary Services	8,799,481	273,454	9,072,935	8,992,149	80,786

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,145,929	\$ 80,357	\$ 2,226,286	\$ 2,226,286	
Salaries of Secretarial and Clerical Assistants	73,188	(1,303)	71,885	71,885	
Purchased Professional and Technical Services	9,500	(1,493)	8,007	7,893	\$ 114
Supplies and Materials	103,300	14,500	117,800	114,978	2,822
Total Other Support Services - Students - Guidance	2,331,917	92,061	2,423,978	2,421,042	2,936
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	3,742,829	(161,714)	3,581,115	3,580,663	452
Salaries of Secretarial and Clerical Assistants	213,685	(1,859)	211,826	211,825	1
Purchased Professional - Educational Services	600,000	239,792	839,792	816,992	22,800
Other Purchased Services (400-500 Series)	5,000	7,025	12,025	8,265	3,760
Supplies and Materials	60,000	15,678	75,678	66,867	8,811
Total Other Support Services - Students - Child Study Team	4,621,514	98,922	4,720,436	4,684,612	35,824
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,519,152	4,529	1,523,681	1,523,680	1
Salaries of Other Professional Staff	371,485	(74,348)	297,137	183,451	113,686
Salaries of Secretarial and Clerical Assistants	157,511	(1,301)	156,210	156,209	1
Purchased Professional - Educational Services	15,100	4,475	19,575	19,559	16
Other Purchased Services (400-500 Series)	5,000	11,029	16,029	15,499	530
Supplies and Materials	27,981	73,435	101,416	100,817	599
Total Improvement of Instruction Services	2,096,229	17,819	2,114,048	1,999,215	114,833

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 348,743	\$ (66,862)	\$ 281,881	\$ 281,881	
Purchased Professional and Technical Services	30,610	(6,399)	24,211	24,211	
Supplies and Materials	30,534	(7,290)	23,244	20,344	\$ 2,900
Total Educational Media Services/School Library	409,887	(80,551)	329,336	326,436	2,900
Instructional Staff Training Services:					
Salaries of Other Professional Staff		653	653	153	500
Purchased Professional - Educational Services	25,000	20,651	45,651	30,619	15,032
Other Purchased Services (400-500 Series)	1,500	(1,000)	500	500	
Supplies and Materials	2,500	(50)	2,450	(159)	2,609
Total Instructional Staff Training Services	29,000	20,254	49,254	31,113	18,141
Support Services - General Administration:					
Salaries	1,005,515	118,183	1,123,698	1,123,698	
Legal Services	450,000	(48,367)	401,633	376,994	24,639
Audit Fees	94,000	2,735	96,735	96,735	
Architectural/Engineering Services	51,000	(15,410)	35,590	1,140	34,450
Other Purchased Professional Services	96,000	65,092	161,092	143,877	17,215
Communications/Telephone	227,000	(26,358)	200,642	200,642	
BOE Other Purchased Services	12,000	5,250	17,250	11,624	5,626
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	7,800	(7,800)			
General Supplies	42,000	(23,625)	18,375	16,889	1,486
Judgments Against the School District	825,607	(365,197)	460,410	412,873	47,537
Miscellaneous Expenditures	41,000	(8,359)	32,641	28,883	3,758
BOE Membership Dues and Fees	7,000	(4,300)	2,700	700	2,000
Total Support Services - General Administration	2,858,922	(308,156)	2,550,766	2,414,055	136,711

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 3,287,259	\$ 104,089	\$ 3,391,348	\$ 3,391,348	\$ 1
Salaries of Other Professional Staff	190,000	(11,320)	178,680	178,679	
Salaries of Secretarial and Clerical Assistants	1,777,929	(79,111)	1,698,818	1,698,818	
Purchased Professional and Technical Services	21,081	(1,741)	19,340	19,340	
Other Purchased Services (400-500 Series)	3,000	2,021	5,021	4,660	361
Supplies and Materials	10,103	(2,527)	7,576	4,474	3,102
Total Support Services - School Administration	5,289,372	11,411	5,300,783	5,297,319	3,464
Support Services - Central Services:					
Salaries	1,434,845	(184,726)	1,250,119	1,250,119	
Miscellaneous Purchased Services (400-500 Series, Other than 594)	28,000	(19,437)	8,563	4,353	4,210
Supplies and Materials	88,000	(6,571)	81,429	79,053	2,376
Total Support Services - Central Services	1,550,845	(210,734)	1,340,111	1,333,525	6,586
Support Services - Administration Information Technology:					
Salaries	634,821	(11,005)	623,816	623,816	
Purchased Technical Services	279,325	(25,901)	253,424	219,085	34,339
Other Purchased Services (400-500 series)	2,000	1,820	3,820	2,479	1,341
Supplies and Materials	94,750	(1,773)	92,977	92,350	627
Total Support Services - Administration Information Technology	1,010,896	(36,859)	974,037	937,730	36,307
Required Maintenance of School Facilities:					
Salaries	370,224	(83,001)	287,223	287,223	
Cleaning, Repair and Maintenance Services	1,465,234	(212,931)	1,252,303	1,018,638	233,665
General Supplies	153,208	(23,655)	129,553	111,381	18,172
Total Required Maintenance of School Facilities	1,988,666	(319,587)	1,669,079	1,417,242	251,837

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 3,349,221	\$ (42,364)	\$ 3,306,857	\$ 3,306,854	\$ 3
Purchased Professional and Technical Services	55,000	(26,931)	28,069	22,069	6,000
Cleaning, Repair and Maintenance Services	1,618,304	521,338	2,139,642	2,122,269	17,373
Rental of Land and Buildings Other Than Lease Purchase Agreements	30,000	(4,297)	25,703	25,703	
Lease Purchase Payments - Energy Savings Improvement Prog	858,657		858,657	858,657	
Other Purchased Property Services	223,705	63,083	286,788	286,788	
Insurance	1,223,457	(129,492)	1,093,965	1,093,965	
General Supplies	388,388	18,448	406,836	318,206	88,630
Energy (Natural Gas)	450,000	130,000	580,000	580,000	
Energy (Electricity)	650,000	159,348	809,348	809,348	
Energy (Gasoline)	40,000	(15,802)	24,198	24,198	
Total Custodial Services	8,886,732	673,331	9,560,063	9,448,057	112,006
Care and Upkeep of Grounds:					
Salaries	145,965	1,161	147,126	147,125	1
Cleaning, Repair and Maintenance Services	110,000	(66,501)	43,499	23,798	19,701
General Supplies	37,500	(18,176)	19,324	7,398	11,926
Total Care and Upkeep of Grounds	293,465	(83,516)	209,949	178,321	31,628
Security:					
Salaries	1,176,354	(21,456)	1,154,898	1,154,898	
Purchased Professional and Technical Services	62,527	(56,336)	6,191	6,191	
General Supplies	13,379	(5,106)	8,273	885	7,388
Total Security	1,252,260	(82,898)	1,169,362	1,161,974	7,388

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation - Between Home & School - Regular	\$ 74,805	\$ (1,764)	\$ 73,041	\$ 73,041	
Salaries for Pupil Transportation - Between Home & School - Special	74,805	(1,953)	72,852	72,743	\$ 109
Salaries for Pupil Transportation - Other Than Between Home & School	145,276	(17,378)	127,898	127,898	
Management Fee - ESC & CTSA Transportation Programs	406,814	376,197	783,011	754,436	28,575
Other Purchased Professional and Technical Services	6,000	(1,880)	4,120	4,120	
Cleaning, Repair and Maintenance Services	10,000	16,750	26,750	20,703	6,047
Lease Purchase Payments - School Buses	21,937		21,937	21,937	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	275,000	(11,342)	263,658	263,658	
Other than Between Home and School - Vendors	310,590	72,876	383,466	318,466	65,000
Regular Students - ESCs & CTSA	2,200,000	841,474	3,041,474	2,886,507	154,967
Special Education Students - ESCs & CTSA	5,400,000	604,254	6,004,254	6,004,254	
General Supplies	2,000	(1,047)	953	931	22
Total Student Transportation Services	8,927,227	1,876,187	10,803,414	10,548,694	254,720
Unallocated Benefits:					
Social Security Contributions	2,300,000	(236,874)	2,063,126	2,060,852	2,274
Other Retirement Contributions - PERS	1,916,551	88,000	2,004,551	2,004,407	144
Other Retirement Contributions - Essex Pension		127,820	127,820	127,820	
Other Retirement Contributions - Regular	387,820	(153,540)	234,280	234,280	
Workmen's Compensation	526,000	(153,623)	372,377	372,377	
Health Benefits	17,786,102	(1,872,280)	15,913,822	16,392,353	(478,531)
Tuition Reimbursement	190,930	(145,250)	45,680	45,600	80
Other Employee Benefits	324,200	(244,544)	79,656	79,656	
Total Unallocated Benefits	23,431,603	(2,590,291)	20,841,312	21,317,345	(476,033)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 5,941,403	\$ (5,941,403)
Pension				22,307,401	(22,307,401)
Non-Contributory Insurance				309,490	(309,490)
Long-Term Disability Insurance				7,114	(7,114)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,440,066	(4,440,066)
Total On-Behalf and Reimbursed Contributions				33,005,474	(33,005,474)
Total Personal Services - Employee Benefits	\$ 23,431,603	\$ (2,590,291)	\$ 20,841,312	54,322,819	(33,481,507)
Total Undistributed Expenses	85,163,652	206,187	85,369,839	117,779,816	(32,409,977)
TOTAL CURRENT EXPENSE	140,956,023	(10,336)	140,945,687	173,023,825	(32,078,138)
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	11,015		11,015	11,015	
Operation & Maintenance of Plant Services		1,296	1,296	1,296	
Total Equipment	11,015	1,296	12,311	12,311	
Facilities Acquisition and Construction Services:					
Legal Services	125,000	(125,000)			
Architectural/Engineering Services	175,000	(25,000)	150,000	109,582	40,418
Purchased Professional and Technical Services	50,000	(8,126)	41,874	41,874	41,874
Construction Services		511,126	511,126	490,651	20,475
Other Purchase Services	321,888		321,888	241,416	80,472
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	757,826	353,000	1,110,826	927,587	183,239
TOTAL CAPITAL OUTLAY	768,841	354,296	1,123,137	939,898	183,239

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Transfer of Funds to Charter Schools	\$ 95,955		\$ 95,955	\$ 93,401	2,554
TOTAL EXPENDITURES	<u>141,820,819</u>	<u>\$ 343,960</u>	<u>142,164,779</u>	<u>174,057,124</u>	<u>\$ (31,892,345)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(5,773,829)</u>	<u>(343,960)</u>	<u>(6,117,789)</u>	<u>(1,035,120)</u>	<u>5,082,669</u>
Other Financing Sources/(Uses):					
Transfers In/(Out):					
Capital Projects Fund - Interest	(114,263)	73,313	(40,950)	21,443	21,443
Food Service Enterprise Fund - Board Contribution	(114,263)	73,313	(40,950)	(36,300)	4,650
Total Other Financing Sources/(Uses)	<u>(114,263)</u>	<u>73,313</u>	<u>(40,950)</u>	<u>(14,857)</u>	<u>26,093</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(5,888,092)</u>	<u>(270,647)</u>	<u>(6,158,739)</u>	<u>(1,049,977)</u>	<u>5,108,762</u>
Fund Balance, July 1	<u>10,267,239</u>		<u>10,267,239</u>	<u>10,267,239</u>	
Fund Balance, June 30	<u>\$ 4,379,147</u>	<u>\$ (270,647)</u>	<u>\$ 4,108,500</u>	<u>\$ 9,217,262</u>	<u>\$ 5,108,762</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus 2024-2025			\$	737,760	
Capital Reserve				896,270	
Maintenance Reserve				184,278	
Unemployment Compensation				506,934	
Workers Compensation				146,901	
Assigned:					
Year-End Encumbrances				1,302,415	
Unassigned Fund Balance				<u>5,442,704</u>	
				<u>9,217,262</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(826,807)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,390,455</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 399,500	\$ 544,790	\$ 944,290	\$ 772,382	\$ (171,908)
State Sources	772,000	2,023,638	2,795,638	1,878,529	(917,109)
Federal Sources	8,593,000	(1,600,157)	6,992,843	5,435,548	(1,557,295)
Total Revenues	9,764,500	968,271	10,732,771	8,086,459	(2,646,312)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,465,000	825,465	2,290,465	1,622,319	668,146
Other Salaries for Instruction		110,000	110,000	109,890	110
Purchased Professional and Technical Services		155,150	155,150	5,000	150,150
Purchased Professional/Educational Services		363,294	363,294	363,294	
Other Purchased Services		274,375	274,375	274,375	
Tuition	600,000	16,844	616,844	418,805	198,039
General Supplies	255,500	145,171	400,671	248,501	152,170
Textbooks	83,000	61,752	144,752	112,789	31,963
Other Objects		52,487	52,487		52,487
Total Instruction	2,403,500	2,004,538	4,408,038	3,154,973	1,253,065
Support Services:					
Other Salaries	639,000	(77,297)	561,703	595,765	(34,062)
Salaries of Supervisors of Instruction		36,755	36,755	25,000	11,755
Salaries of Other Professional Staff		22,409	22,409	102	22,307
Personal Services - Employee Benefits	313,000	363,773	676,773	462,513	214,260
Purchased Professional and Technical Services	1,206,000	(38,747)	1,167,253	834,408	332,845
Purchased Education Services - Contracted Pre-K		367,664	367,664	405,942	(38,278)
Purchased Professional/Educational Services	1,338,000	(424,948)	913,052	867,276	45,776
Other Purchased Services	500,000	(190,785)	309,215	309,215	
Supplies and Materials	858,000	(488,005)	369,995	368,571	1,424
Other Objects		253,886	253,886		253,886
Student Activities	300,000	513,692	813,692	813,692	
Total Support Services	5,154,000	338,397	5,492,397	4,682,484	809,913

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Instructional Equipment	\$ 1,200,000	\$ (898,780)	\$ 301,220	\$ 252,684	\$ 48,536
Non-Instructional Equipment	1,007,000	(475,884)	531,116	61,530	469,586
Total Facilities Acquisition and Construction Services	<u>2,207,000</u>	<u>(1,374,664)</u>	<u>832,336</u>	<u>314,214</u>	<u>518,122</u>
Total Expenditures	9,764,500	968,271	10,732,771	8,151,671	2,581,100
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,212</u>	<u>\$ (65,212)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 173,022,004	\$ 8,086,459
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances:		
Federal		(326,947)
State		(146,682)
Local		(5,200)
Prior Year Encumbrances:		
Federal		403,335
State		59,133
Local		10,000
Cancelled		(164,808)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	772,907	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(826,807)	(101,060)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 172,968,104	\$ 7,814,230
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 174,057,124	\$ 8,151,671
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(478,829)
Prior Year Encumbrances		472,468
Prior Year Encumbrances Canceled		(164,808)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 174,057,124	\$ 7,980,502

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act				Nonpublic Handicapped (Ch.192)			
	Title I, Part A	Title I SIA, Part A	Title IIA	Title III	ACRSERS	Compensatory Education	English as a Second Language	Student Activities
REVENUE:								
Local Sources								
State Sources								
Federal Sources								
Total Revenue	\$ 1,058,795	\$ 58,956	\$ 243,282	\$ 11,553	\$ 534,205	\$ 87,960	\$ 1,002	\$ 748,480
	1,058,795	58,956	243,282	11,553	534,205	87,960	1,002	748,480
EXPENDITURES:								
Instruction:								
Salaries of Teachers	320,182	23,275		10,502				
Other Salaries for Instruction								
Purchased Professional and Technical Services		4,750			209,430			
Purchased Professional/Educational Services					274,375			
Other Purchased Services								
Tuition								
General Supplies	63,834	29,038		1,051				
Textbooks								
Total Instruction	384,016	57,063		11,553	483,805			
Support Services:								
Other Salaries	491,075		3,213					
Salaries of Supervisors of Instruction								
Salaries of Other Professional Staff								
Personal Services - Employee Benefits	133,704	1,893	17,500			87,960	1,002	
Purchased Professional and Technical Services								
Purchased Education Services - Contracted Pre-K								
Purchased Professional/Educational Services			213,627					
Other Purchased Services	50,000		7,045		50,400			
Supplies and Materials			1,897					
Student Activities								813,692
Total Support Services	674,779	1,893.00	243,282		50,400	87,960	1,002	813,692
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Non-Instructional Equipment								
Total Facilities Acquisition and Construction Services								
Total Expenditures	\$ 1,058,795	\$ 58,956	\$ 243,282	\$ 11,553	\$ 534,205	\$ 87,960	\$ 1,002	\$ 813,692

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COVID-19 CARES				IDEA Part B				
	Climate Change	Emergency Relief		COVID 19 - ARP		Basic		Preschool	
		Basic	Preschool	Basic	Preschool	2022-2023	2021-2022		2022-2023
REVENUE:									
Local Sources	\$ 5,402								
State Sources		\$ 3,973	\$ 276,348	\$ 31,995	\$ 1,347,196	\$ 393,035	\$ 26,608	\$ 17,777	
Federal Sources		3,973	276,348	31,995	1,347,196	393,035	26,608	17,777	
Total Revenue									
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Other Salaries for Instruction				29,721	467,190		13,838		
Purchased Professional and Technical Services	3,800								
Purchased Professional/Educational Services									
Other Purchased Services									
Tuition	1,602				418,805		1,002	17,777	
General Supplies									
Textbooks									
Total Instruction	5,402			29,721	885,995		14,840	17,777	
Support Services:									
Other Salaries					90,126		9,948		
Salaries of Supervisors of Instruction									
Salaries of Other Professional Staff									
Personal Services - Employee Benefits				2,274	141,225		1,820		
Purchased Professional and Technical Services			270,850						
Purchased Education Services - Contracted Pre-K									
Purchased Professional/Educational Services					222,384	358,535			
Other Purchased Services					7,466	34,500			
Supplies and Materials		3,973	5,498						
Student Activities									
Total Support Services		3,973	276,348	2,274	461,201	393,035	11,768		
Facilities Acquisition and Construction Services:									
Instructional Equipment									
Non-Instructional Equipment									
Total Facilities Acquisition and Construction Services									
Total Expenditures	\$ 5,402	\$ 3,973	\$ 276,348	\$ 31,995	\$ 1,347,196	\$ 393,035	\$ 26,608	\$ 17,777	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COVID-19							
	American Rescue Plan			Nonpublic Handicapped (Ch. 193)				
	ESSER III	Accelerated Learning	Beyond the School Day	Homeless Grant	Preschool Expansion Aid	Supplementary Instruction	Examination & Classification	Corrective Speech
REVENUE:								
Local Sources								
State Sources	\$ 415,578	\$ 461,417	\$ 8,018	\$ 5,000	\$ 918,705	\$ 63,602	\$ 62,950	\$ 18,600
Federal Sources	415,578	461,417	8,018	5,000	918,705	63,602	62,950	18,600
Total Revenue								
EXPENDITURES:								
Instruction:								
Salaries of Teachers		236,160			273,220			
Other Salaries for Instruction					109,890			
Purchased Professional and Technical Services								
Purchased Professional/Educational Services								
Other Purchased Services								
Tuition								
General Supplies		5,257	8,018		18,000			
Textbooks								
Total Instruction		241,417	8,018		401,110			
Support Services:								
Other Salaries								
Salaries of Supervisors of Instruction					25,000			
Salaries of Other Professional Staff					102			
Personal Services - Employee Benefits		145,000						
Purchased Professional and Technical Services	35,300	75,000		5,000	405,942	63,602	62,950	18,600
Purchased Education Services - Contracted Pre-K								
Purchased Professional/Educational Services	31,230				22,500			
Other Purchased Services	68,950				20,387			
Supplies and Materials	9,548							
Student Activities								
Total Support Services	145,028	220,000		5,000	473,931	63,602	62,950	18,600
Facilities Acquisition and Construction Services:								
Instructional Equipment	219,084				33,600			
Non-Instructional Equipment	51,466				10,064			
Total Facilities Acquisition and Construction Services	270,550				43,664			
Total Expenditures	\$ 415,578	\$ 461,417	\$ 8,018	\$ 5,000	\$ 918,705	\$ 63,602	\$ 62,950	\$ 18,600

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COVID-19 - CRRSA							
	ESSER II	Mental Health	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Local Grants	Total
REVENUE:								
Local Sources								
State Sources	\$ 522,812	\$ 19,000	\$ 112,789	\$ 214,144	\$ 80,220	\$ 313,155	\$ 23,902	\$ 772,382
Federal Sources	522,812	19,000	112,789	214,144	80,220	313,155	23,902	1,878,529
Total Revenue								5,435,548
								8,086,459
EXPENDITURES:								
Instruction:								
Salaries of Teachers	248,231							1,622,319
Other Salaries for Instruction								109,890
Purchased Professional and Technical Services	149,114						1,200	5,000
Purchased Professional/Educational Services								363,294
Other Purchased Services								274,375
Tuition								418,805
General Supplies					80,220		22,702	248,501
Textbooks			112,789					112,789
Total Instruction	397,345		112,789		80,220		23,902	3,154,973
Support Services:								
Other Salaries	1,403							595,765
Salaries of Supervisors of Instruction								25,000
Salaries of Other Professional Staff								102
Personal Services - Employee Benefits	19,097							462,513
Purchased Professional and Technical Services				214,144				834,408
Purchased Education Services - Contracted Pre-K								405,942
Purchased Professional/Educational Services		19,000						867,276
Other Purchased Services	104,967							309,215
Supplies and Materials						313,155		368,571
Student Activities								813,692
Total Support Services	125,467	19,000		214,144		313,155		4,682,484
Facilities Acquisition and Construction Services:								
Instructional Equipment								252,684
Non-Instructional Equipment								61,530
Total Facilities Acquisition and Construction Services								314,214
Total Expenditures	\$ 522,812	\$ 19,000	\$ 112,789	\$ 214,144	\$ 80,220	\$ 313,155	\$ 23,902	\$ 8,151,671

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 316,517	\$ 273,220	\$ 43,297
Other Salaries for Instruction	139,155	109,890	29,265
General Supplies	18,000	18,000	
Total Instruction	<u>473,672</u>	<u>401,110</u>	<u>72,562</u>
Support Services:			
Salaries of Supervisors of Instruction	36,755	25,000	11,755
Salaries of Other Professional Staff	22,409	102	22,307
Salaries of Family/Parent Liaison	30,887		30,887
Purchased Education Services - Contracted Pre-K	367,664	405,942	(38,278)
Purchased Professional/Educational Services	22,500	22,500	
Other Purchased Services	23,285	20,387	2,898
Total Support Services	<u>503,500</u>	<u>473,931</u>	<u>29,569</u>
Facilities Acquisition:			
Instructional Equipment	33,600	33,600	
Non-Instructional Equipment	17,620	10,064	7,556
Total Facilities Acquisition	<u>51,220</u>	<u>43,664</u>	<u>7,556</u>
Total Expenditures	<u>\$ 1,028,392</u>	<u>\$ 918,705</u>	<u>\$ 109,687</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 1,028,392
Actual Preschool Education Aid Carryover (June 30, 2022)	-0-
Add: Budgeted Transfer from General Fund 2022-23	-0-
Add: Budgeted Tuition 2022-23	-0-
Total Preschool Education Aid Funds Available for 2022-23	<u>1,028,392</u>
Less: 2022-23 Budgeted Preschool Education Aid Funds	<u>(1,028,392)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	-0-
Add: June 30, 2022 Unexpended Preschool Education Aid	<u>109,687</u>
2022-23 Carryover - Preschool Education Aid	<u>\$ 109,687</u>
Budgeted for Preschool Programs in 2023-24	<u>\$ -0-</u>

CAPITAL PROJECTS FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Bond Proceeds	\$ 70,000,000
Interest Earned	1,346,997
Total Revenue and Other Financing Sources	<u>71,346,997</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	147,141
Construction Services	4,217,442
Architecture Services	16,030
Legal Services	112,204
Transfers Out:	
Debt Service Fund - Interest	1,325,554
General Fund - Interest	21,443
Total Expenditures	<u>5,839,814</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	65,507,183
Fund Balance - Beginning Balance	<u>8,366,549</u>
Fund Balance - Ending Balance	<u>\$ 73,873,732</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 359,542
Committed Fund Balance	2,029,971
Total Committed Fund Balance	<u>2,389,513</u>
Restricted Fund Balance:	
Year-End Encumbrances	2,887,624
Restricted Fund Balance	68,596,595
Total Restricted Fund Balance	<u>71,484,219</u>
Total Fund Balance (Budgetary)	73,873,732
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Receivables not Recognized on the GAAP Basis	(3,285,543)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 70,588,189</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2020-019
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 4,425,850		\$ 4,425,850	\$ 4,425,850
Total Revenues and Other Financing Sources	4,425,850		4,425,850	4,425,850
Expenditures:				
Purchased Professional and Technical Services	184,370	\$ 12,300	196,670	196,670
Construction Services	1,594,221	475,972	2,070,193	4,229,180
Total Expenditures	1,778,591	488,272	2,266,863	4,425,850
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,647,259</u>	<u>\$ (488,272)</u>	<u>\$ 2,158,987</u>	<u>\$ -0-</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCES #2019-002
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,991,877		\$ 2,991,877	\$ 2,991,877
Transfer from Capital Reserve	220,437		220,437	220,437
Total Revenues and Other Financing Sources	<u>3,212,314</u>		<u>3,212,314</u>	<u>3,212,314</u>
Expenditures:				
Purchased Professional and Technical Services	345,759		345,759	345,759
Construction Services	2,358,053	\$ 277,976	2,636,029	2,866,555
Total Expenditures	<u>2,703,812</u>	<u>277,976</u>	<u>2,981,788</u>	<u>3,212,314</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 508,502</u>	<u>\$ (277,976)</u>	<u>\$ 230,526</u>	<u>\$ -0-</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT-WIDE ENERGY SAVINGS IMPROVEMENT PROGRAM (ESIP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
ESIP Financed Purchase Proceeds	\$ 10,720,000		\$ 10,720,000	\$ 10,720,000
Total Revenues and Other Financing Sources	10,720,000		10,720,000	10,720,000
Expenditures:				
Purchased Professional and Technical Services	757,309	\$ 33,003	790,312	794,899
Construction Services	5,343,184	3,369,868	8,713,052	9,925,101
Total Expenditures	6,100,493	3,402,871	9,503,364	10,720,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 4,619,507	\$ (3,402,871)	\$ 1,216,636	\$ -0-

Additional Project Information:

Project Number:	Various
Lease Authorization Date:	12/20/2020
Lease Authorized:	\$10,720,000
Lease Issued:	\$10,720,000
Original Authorized Cost:	\$10,720,000
Revised Authorized Cost:	\$10,720,000
Percentage Completion:	88.65%
Original Target Completion Date:	6/30/24
Revised Target Completion Date:	6/30/24

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number:	Various
Grant Date:	3/31/14 & 5/2/14
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 2,487,388</u>
Revised Authorized Cost:	<u>\$ 2,487,388</u>
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	78.31%
Original Target Completion Date:	8/30/16
Revised Target Completion Date:	N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 125,000</u>
Revised Authorized Cost:	<u>\$ 125,000</u>
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	77.96%
Original Target Completion Date:	8/30/2015
Revised Target Completion Date:	N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 100,000
Revised Authorized Cost:	\$ 100,000
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	75.87%
Original Target Completion Date:	6/30/2015
Revised Target Completion Date:	N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2023 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 70,000,000	\$ 70,000,000	\$ 187,730,769
Total Revenue and Other Financing Sources		<u>70,000,000</u>	<u>70,000,000</u>	<u>187,730,769</u>
Expenditures:				
Purchased Professional and Technical Services		101,838	101,838	101,838
Architectual Services		16,030	16,030	897,200
Legal Services		112,204	112,204	150,000
Construction Services		93,626	93,626	186,581,731
Total Expenditures		<u>323,698</u>	<u>323,698</u>	<u>187,730,769</u>
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	<u>\$ -0-</u>	<u>69,676,302</u>	<u>69,676,302</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Numbers		N/A		
Grant Date		N/A		
Bond Authorization Date		11/8/2022		
Bonds Authorized		\$ 187,730,769		
Bonds Issued		<u>\$ 70,000,000</u>		
Bonds Authorized but not Issued		<u>\$ 117,730,769</u>		
Original Authorized Cost		<u>\$ 187,730,769</u>		
Percentage Increase over Original Authorized Cost		0.00%		
Percentage Completion		0.05%		
Original Target Completion Date		06/30/28		

PROPRIETARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 407,283	\$ 300,336	\$ 111,189	\$ 411,525	\$ 818,808
Intergovernmental Receivable:					
State	1,595				1,595
Federal	36,373				36,373
Accounts Receivable:					
Other		2,800		2,800	2,800
Student - (less allowance of \$200,911)	15,000				15,000
Interfund Receivable	4,945				4,945
Inventories	22,948				22,948
Total Current Assets	488,144	303,136	111,189	414,325	902,469
Non-Current Assets:					
Capital Assets	576,577				576,577
Less: Accumulated Depreciation	(496,156)				(496,156)
Total Non-Current Assets	80,421				80,421
Total Assets	568,565	303,136	111,189	414,325	982,890
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	6,379				6,379
Prepaid Meals	73,053				73,053
Prepaid Summer Program		219,378		219,378	219,378
Supply Chain Assistance	126,021				126,021
Accounts Payable	38,333				38,333
Total Liabilities	243,786	219,378		219,378	463,164
<u>NET POSITION:</u>					
Investment in Capital Assets	80,421				80,421
Unrestricted	244,358	83,758	111,189	194,947	439,305
Total Net Position	\$ 324,779	\$ 83,758	\$ 111,189	\$ 194,947	\$ 519,726

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 700,939				\$ 700,939
Non-Reimbursable Programs	185,049				185,049
Program Fees		\$ 258,035		\$ 258,035	258,035
Mentor Fees			\$ 91,513	91,513	91,513
Total Operating Revenue	885,988	258,035	91,513	349,548	1,235,536
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	620,150				620,150
Non-Reimbursable Programs	195,837				195,837
Total Cost of Sales	815,987				815,987
Salaries, Benefits & Payroll Taxes	740,931	213,692	55,060	268,752	1,009,683
Administrative Expenses	109,876		125	125	110,001
Supplies and Materials	88,852	14,439		14,439	103,291
Management Fee	99,267				99,267
Purchased Professional Services		897	2,175	3,072	3,072
Depreciation	31,144				31,144
Total Operating Expenses	1,886,057	229,028	57,360	286,388	2,172,445
Operating Income/(Loss)	(1,000,069)	29,007	34,153	63,160	(936,909)
Non-Operating Revenue:					
Local Sources:					
Interest Income	2,232				2,232
State Sources:					
State School Lunch Program	22,052				22,052
State School Breakfast Program	181				181
Federal Sources:					
School Breakfast Program	24,880				24,880
National School Lunch Program	475,462				475,462
Food Distribution Program	51,777				51,777
Supply Chain Assistance Grant	157,651				157,651
Paycheck Protection Program Reimbursement from Food Service Management Contractor	63,598				63,598
Total Non-Operating Revenue	797,833				797,833
Change in Net Position Before Transfer	(202,236)	29,007	34,153	63,160	(139,076)
Transfer In - Board Contributions	36,300				36,300
Change in Net Position	(165,936)	29,007	34,153	63,160	(102,776)
Net Position - Beginning of Year	490,715	54,751	77,036	131,787	622,502
Net Position - End of Year	\$ 324,779	\$ 83,758	\$ 111,189	\$ 194,947	\$ 519,726

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Fund	Non-Major Funds		Total
	Food Service Program	Summer Program	Provisional Teacher	Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 888,421	\$ 294,536	\$ 91,513	\$ 1,274,470
Payments to Employees	(1,878,993)	(214,589)	(57,235)	(271,824)
Payments to Food Service Management Contractor	(2,050)	(14,439)	(125)	(1,878,993)
Payments to Suppliers	(992,622)	65,508	34,153	(16,614)
Net Cash Provided by/(Used for) Operating Activities	(2,989)	(2,989)	(2,989)	(2,989)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(2,989)			(2,989)
Net Cash (Used for) Capital and Related Financing Activities	(2,989)			(2,989)
Cash Flows from Investing Activities:				
Local Sources - Interest Income	2,232			2,232
Net Cash Provided by Investing Activities	2,232			2,232
Cash Flows from Noncapital Financing Activities:				
Interfund Returned		1,479		1,479
Cash Received from PPP Loan Reimbursement	63,598			63,598
Cash Received from State and Federal Subsidy Reimbursements	1,153,920			1,153,920
Cash Received from Transfers - General Fund Board Contribution	36,300			36,300
Net Cash Provided by Noncapital Financing Activities	1,253,818	1,479		1,255,297
Net Increase/(Decrease) in Cash and Cash Equivalents	260,439	66,987	34,153	361,579
Cash and Cash Equivalents, July 1	146,843	233,349	77,036	457,228
Cash and Cash Equivalents, June 30	\$ 407,282	\$ 300,336	\$ 111,189	\$ 818,807

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
	<u>Food Service Program</u>	<u>Summer Program</u> <u>Provisional Teacher</u>	<u>Enterprise Funds</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (1,000,069)	\$ 29,007	\$ (936,909)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	51,777		51,777
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable		36,501	36,501
Decrease in Inventory	1,960		1,960
Increase/(Decrease) in Unearned Revenue:			
Donated Commodities	(4,991)		(4,991)
Prepaid Meals/Summer Program	2,432		2,432
(Decrease) in Accounts Payable	(74,875)		(74,875)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (992,622)</u>	<u>\$ 65,508</u>	<u>\$ (927,114)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$46,786 and utilized \$51,777 for the fiscal year ended June 30, 2023.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM LIABILITIES

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Interest Rate	Issued	Balance June 30, 2023
			Date	Amount			
Referendum Bonds	02/01/23	\$ 70,000,000	01/15/25	\$ 2,100,000	3.000%		
			01/15/26	2,990,000	3.000%		
			01/15/27	3,075,000	3.000%		
			01/15/28	3,170,000	3.000%		
			01/15/29	3,265,000	3.000%		
			01/15/30	3,365,000	3.000%		
			01/15/31	3,465,000	3.000%		
			01/15/32	3,575,000	3.000%		
			01/15/33	3,690,000	3.000%		
			01/15/34	3,815,000	3.000%		
			01/15/35	3,965,000	3.125%		
			01/15/36	4,125,000	3.000%		
			01/15/37	4,200,000	3.250%		
			01/15/38	4,200,000	3.250%		
		01/15/39	4,200,000	4.000%			
		01/15/40	4,200,000	4.000%			
		01/15/41	4,200,000	4.000%			
		01/15/42	4,200,000	4.000%			
		01/15/43	4,200,000	4.000%			
						\$ 70,000,000	\$ 70,000,000
							\$ 70,000,000

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES

Purpose	Original Issue	Interest Rate	Balance July 1, 2022	Matured	Balance June 30, 2023
School Bus and Maintenance Vehicles and Equipment	\$ 360,000	2.4363%	\$ 145,930	\$ 72,087	\$ 73,843
ESIP	10,720,000	1.5010%	<u>10,389,924</u>	<u>705,351</u>	<u>9,684,573</u>
			<u>\$ 10,535,854</u>	<u>\$ 777,438</u>	<u>\$ 9,758,416</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Interest Transferred From - Capital Projects Fund				\$ 1,325,554	\$ 1,325,554
Total Other Financing Sources				1,325,554	1,325,554
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				1,325,554	1,325,554
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 1,325,554	\$ 1,325,554
<u>Recapitulation:</u>					
Restricted Fund Balance				\$ 1,325,554	

STATISTICAL SECTION
(UNAUDITED)

This part of the School'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 School's overall financial health.

Contents

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

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

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

		June 30,				
		2014	2015	2016	2017	2018
Governmental Activities:						
	Net Investment in Capital Assets	\$ 68,012,577	\$ 68,237,797	\$ 69,244,827	\$ 70,432,489	\$ 64,373,948
	Restricted	5,435,873	2,077,874	1,848,364	932,617	3,183,026
	Unrestricted/(Deficit)	<u>(36,052,630)</u>	<u>(35,356,656)</u>	<u>(37,474,573)</u>	<u>(41,390,483)</u>	<u>(39,544,086)</u>
	Total Governmental Activities Net Position	<u>\$ 37,395,820</u>	<u>\$ 34,959,015</u>	<u>\$ 33,618,618</u>	<u>\$ 29,974,623</u>	<u>\$ 28,012,888</u>
Business-Type Activities:						
	Investment in Capital Assets	\$ 174,783	\$ 261,002	\$ 281,029	\$ 271,779	\$ 207,986
	Unrestricted	358,381	348,006	232,931	181,222	199,246
District-Wide:						
	Net Investment in Capital Assets	\$ 68,187,360	\$ 68,498,799	\$ 69,525,856	\$ 70,704,268	\$ 64,581,934
	Restricted	5,435,873	2,077,874	1,848,364	932,617	3,183,026
	Unrestricted/(Deficit)	<u>(35,694,249)</u>	<u>(35,008,650)</u>	<u>(37,241,642)</u>	<u>(41,209,261)</u>	<u>(39,344,840)</u>
	Total District Net Position	<u>\$ 37,928,984</u>	<u>\$ 35,568,023</u>	<u>\$ 34,132,578</u>	<u>\$ 30,427,624</u>	<u>\$ 28,420,120</u>
		June 30,				
		2019	2020	2021	(Restated) 2022	2023
Governmental Activities:						
	Net Investment in Capital Assets	\$ 66,135,874	\$ 67,953,730	\$ 59,373,803	\$ 64,624,515	\$ 68,438,193
	Restricted	2,938,977	4,326,268	4,238,524	4,262,899	4,937,158
	Unrestricted/(Deficit)	<u>(39,840,119)</u>	<u>(39,048,062)</u>	<u>(26,100,275)</u>	<u>(25,337,074)</u>	<u>(25,947,271)</u>
	Total Governmental Activities Net Position	<u>\$ 29,234,732</u>	<u>\$ 33,231,936</u>	<u>\$ 37,512,052</u>	<u>\$ 43,550,340</u>	<u>\$ 47,428,080</u>
Business-Type Activities:						
	Investment in Capital Assets	\$ 181,994	\$ 162,836	\$ 131,692	\$ 108,576	\$ 80,421
	Unrestricted	159,875	120,736	273,209	513,925	439,305
	Total Business-Type Activities Net Position	<u>\$ 341,869</u>	<u>\$ 283,572</u>	<u>\$ 404,901</u>	<u>\$ 622,501</u>	<u>\$ 519,726</u>
District-Wide:						
	Net Investment in Capital Assets	\$ 66,317,868	\$ 68,116,566	\$ 59,505,495	\$ 64,733,091	\$ 68,518,614
	Restricted	2,938,977	4,326,268	4,238,524	4,262,899	4,937,158
	Unrestricted/(Deficit)	<u>(39,680,244)</u>	<u>(38,927,326)</u>	<u>(25,827,066)</u>	<u>(24,823,149)</u>	<u>(25,507,966)</u>
	Total District Net Position	<u>\$ 29,576,601</u>	<u>\$ 33,515,508</u>	<u>\$ 37,916,953</u>	<u>\$ 44,172,841</u>	<u>\$ 47,947,806</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2019	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089	\$ 63,995,455	\$ 62,060,879	\$ 62,704,943	\$ 88,219,173	\$ 75,616,006
Special Education	14,463,175	14,035,556	15,619,647	17,774,029	17,471,766	16,803,010	16,581,273	18,013,387	22,045,080	20,195,162
Other Special Instruction	2,517,238	3,070,118	3,020,620	3,418,485	3,220,413	3,087,101	2,708,268	2,226,687	2,634,898	2,284,811
School-Sponsored Instruction	1,873,094	2,025,116	2,021,715	2,261,364	2,362,269	2,256,499	2,391,272	2,314,355	2,008,880	1,931,342
Support Services:										
Tuition	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960	7,487,964	7,851,105
School Administrative Services	6,618,614	2,358,740	2,203,262	2,505,852	2,314,025	2,395,882	2,947,055	2,943,932	2,759,993	2,784,404
Central Services	1,917,572	2,050,988	2,013,448	2,258,488	2,344,001	2,134,357	2,024,091	2,552,765	1,877,826	1,434,295
Administrative Information Technology	771,619	1,011,762	1,212,581	1,232,712	1,255,705	1,366,579	1,241,864	1,349,278	1,209,237	1,154,332
Plant Operations And Maintenance	9,640,014	9,855,524	10,270,734	11,127,712	11,492,712	12,933,955	11,675,129	13,252,878	12,026,941	12,829,832
Pupil Transportation	4,615,598	4,762,678	4,850,939	5,542,086	4,920,476	7,250,517	6,657,707	3,691,149	8,968,947	10,559,266
Capital Outlay	85,938	180,752							85,938	123,100
Special Schools	402,760	156,178								
Transfer to Charter School	7,204	10,420	10,448	43,223	33,016	42,971	18,393	19,165	133,021	93,401
Interest On Long-Term Debt										979,785
Unallocated Depreciation										2,023,702
Total Governmental Activities Expenses	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716	\$ 168,081,344	\$ 167,845,559	\$ 165,675,799	\$ 161,329,125	\$ 164,485,819	\$ 192,266,067	\$ 177,880,849
Business-Type activities:										
Food Service	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749	\$ 1,280,854	\$ 1,513,737	\$ 1,547,031	\$ 1,226,186	\$ 568,999	\$ 1,822,462	\$ 1,886,057
Provisional Teacher	70,433	69,983	76,134	61,175	26,820	51,040	27,500	29,500	51,500	57,360
Summer Programs			11,720	210,340	312,763	320,478	345,103	16,860	232,747	229,028
Total Business-Type Activities Expense	1,274,819	1,312,156	1,357,603	1,552,369	1,853,320	1,918,549	1,598,789	615,359	2,106,709	2,172,445
Total District Expenses	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879	\$ 167,594,348	\$ 162,927,914	\$ 165,101,178	\$ 194,375,776	\$ 180,053,294
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Tuition	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739	\$ 167,105	\$ 93,643	\$ 103,243	\$ 71,680	\$ 29,895	\$ 29,456
Special Schools	331,246	108,719								
Pupil Transportation				6,572						
Operating Grants and Contributions	18,068,049	32,701,958	38,048,010	50,727,530	54,167,407	44,827,895	40,115,416	44,893,550	68,535,856	50,884,781
Capital Grants and Contributions	528,704	1,731,544	2,017,080	2,203,366	2,027,323	3,935,989	3,067,311	1,299,430	4,210,506	546,007
Total Governmental Activities Program Revenues	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833	\$ 52,978,207	\$ 56,361,835	\$ 48,857,527	\$ 43,285,970	\$ 46,629,737	\$ 73,250,613	\$ 52,208,724

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues:										
Business-Type Activities:										
Food Service	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296	\$ 739,059	\$ 838,844	\$ 581,470	\$ 23,050	\$ 179,087	\$ 885,988
Provisional Teacher	68,600	69,735	66,250	41,460	26,500	40,800	44,150	59,550	80,866	91,513
Saturday Music				179,056	310,264	310,667	319,223	16,800	187,422	258,035
Summer Programs	520,727	583,235	547,337	542,509	550,354	545,382	446,495	618,568	1,833,838	795,601
Operating Grants and Contributions	1,059,786	1,256,815	1,169,987	1,287,321	1,626,177	1,735,693	1,391,338	717,968	2,281,213	2,031,137
Total Business-Type Activities Program Revenues	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012	\$ 50,593,220	\$ 44,677,308	\$ 47,347,705	\$ 75,531,826	\$ 54,239,861
Total District Program Revenues	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)	\$ (116,818,272)	\$ (118,043,155)	\$ (117,856,082)	\$ (119,015,454)	\$ (125,672,125)
Net (Expense)/Revenue Governmental Activities	(215,033)	(55,341)	(187,616)	(265,048)	(227,143)	(182,856)	(207,451)	102,609	174,504	(141,308)
Total District-Wide Net Expense	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)	\$ (117,001,128)	\$ (118,250,606)	\$ (117,753,473)	\$ 118,840,950	\$ (125,813,433)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307	\$ 123,037,813	\$ 125,498,569
Federal and State Aid not Restricted	1,604,800	1,477,037	1,510,302	1,619,868	1,521,257	1,185,833	1,163,802	1,158,116	382,298	1,134,706
Prior Year Accounts Payable Canceled	474,576	2,177,858	938,497	581,255	672,760	1,009,936	1,972,974	365,404	524,614	2,952,890
Miscellaneous Income	(166,215)	(100,830)	(92,321)	(203,668)	(224,425)	(116,397)	(127,038)	(18,585)	(42,848)	(36,300)
Transfers	99,422,859	105,144,891	108,060,486	111,919,053	114,606,140	118,020,651	121,269,843	122,130,242	123,901,877	129,549,865
Total Governmental Activities	187	190	247	421	1,042	1,096	720	135	248	2,232
Business-Type Activities:										
Investment Earnings	105,165									
Miscellaneous	(75,000)									
Allowance for Doubtful Accounts				13,947						
Prior Year Accounts Payable Canceled	895									
Other Items										
Transfers	166,215	100,830	92,321	203,668	224,425	116,397	127,038	18,585	42,848	36,300
Total Business-Type Activities	167,297	131,185	92,568	204,089	239,414	117,493	149,154	18,720	43,096	38,532
Total District-Wide	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554	\$ 118,138,144	\$ 121,418,997	\$ 122,148,962	\$ 123,944,973	\$ 129,588,397
Change in Net Position:										
Governmental Activities	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416	\$ 1,202,379	\$ 3,226,688	\$ 4,274,160	\$ 4,886,423	\$ 3,877,740
Business-Type Activities	(47,736)	75,844	(95,048)	(60,959)	12,271	(65,363)	(58,297)	121,329	217,600	(102,776)
Total District	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687	\$ 1,137,016	\$ 3,168,391	\$ 4,395,489	\$ 5,104,023	\$ 3,774,964

Source: School District Financial Reports

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

	June 30,				
	2014	2015	2016	2017	2018
General Fund:					
Restricted	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090	\$ 1,277,073	\$ 3,183,026
Assigned	2,843,119	724,878	989,770	492,636	2,249,784
Unassigned	136,498	1,766,252	1,674,878	1,633,232	2,720,300
Total General Fund	<u>\$ 8,367,887</u>	<u>\$ 4,512,201</u>	<u>\$ 4,677,738</u>	<u>\$ 3,402,941</u>	<u>\$ 8,153,110</u>
Restricted/(Deficit)	\$ 47,603	\$ 1,108,168			
Unassigned/(Deficit)			(188,978)	(372,589)	\$ (378,664)
Total All Other Governmental Funds/(Deficit)	<u>\$ 47,603</u>	<u>\$ 1,164,971</u>	<u>\$ (164,717)</u>	<u>\$ (344,456)</u>	<u>\$ (378,664)</u>
Total All Funds	<u>\$ 8,415,490</u>	<u>\$ 5,677,172</u>	<u>\$ 4,513,021</u>	<u>\$ 3,058,485</u>	<u>\$ 7,774,446</u>
	June 30,				
	2019	2020	2021	2022	2023
General Fund:					
Restricted	\$ 2,938,977	\$ 3,956,858	\$ 3,834,521	\$ 2,615,854	\$ 2,472,143
Assigned	877,110	2,245,120	3,337,331	5,138,292	1,302,415
Unassigned	2,974,080	2,847,421	5,275,535	1,740,186	4,615,897
Total General Fund	<u>\$ 6,790,167</u>	<u>\$ 9,049,399</u>	<u>\$ 12,447,387</u>	<u>\$ 9,494,332</u>	<u>\$ 8,390,455</u>
All Other Governmental Funds:					
Restricted		\$ 375,366	\$ 7,613,425	\$ 4,607,544	\$ 72,141,317
Committed	\$ 1,028,082	20,628	180,365	195,262	94,542
Unassigned/(Deficit)	(399,291)	(399,291)			(101,060)
Total All Other Governmental Funds/(Deficit)	<u>\$ 628,791</u>	<u>\$ (3,297)</u>	<u>\$ 7,793,790</u>	<u>\$ 4,802,806</u>	<u>\$ 72,134,799</u>
Total All Funds	<u>\$ 7,418,958</u>	<u>\$ 9,046,102</u>	<u>\$ 20,241,177</u>	<u>\$ 14,297,138</u>	<u>\$ 80,525,254</u>

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307	\$ 123,037,813	\$ 125,498,569
Miscellaneous	1,590,795	4,582,287	3,262,815	1,036,493	1,118,230	1,228,492	2,311,923	889,442	1,141,953	3,759,528
State Sources	17,469,858	18,966,267	21,031,329	23,756,709	26,275,848	29,778,109	30,698,193	35,560,876	45,079,959	48,064,629
Federal Sources	3,114,493	2,587,313	2,737,851	2,747,845	2,349,697	2,658,073	2,354,949	3,457,752	9,135,448	5,472,133
Total Revenue	119,684,844	127,627,953	132,736,003	137,462,645	142,380,323	149,605,953	153,625,170	160,533,377	178,395,175	182,794,859
Expenditures:										
Regular Instruction	37,230,553	39,336,934	37,622,800	38,597,011	39,240,747	39,686,743	40,461,073	39,955,377	48,256,102	46,088,375
Special Education Instruction	11,265,160	9,531,955	10,158,894	10,304,567	9,932,543	10,539,971	10,735,761	11,440,572	11,062,205	12,087,021
Other Instruction	1,883,558	2,061,075	2,004,902	2,068,291	1,951,708	2,030,686	1,830,996	1,455,854	1,487,639	1,385,915
School-Sponsored Instruction	1,491,489	1,470,382	1,391,942	1,392,876	1,454,363	1,494,818	1,615,837	1,540,662	1,602,227	1,636,352
Support Services:										
Tuition	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960	7,487,964	7,851,105
Student and Instruction Related Services	18,492,787	21,224,914	22,622,671	22,995,689	22,504,370	23,301,465	24,449,945	25,999,532	24,080,954	24,349,816
Central Services	1,423,763	1,399,045	1,990,035	1,342,054	1,314,916	1,363,776	1,328,422	1,359,176	1,463,379	1,333,525
Administrative Information Technology	713,418	725,469	4,612,683	803,152	798,073	838,030	758,215	834,524	879,808	937,730
General Administrative Services	1,833,498	2,172,875	1,310,991	2,081,026	1,879,769	2,074,750	2,528,679	2,459,035	2,400,262	2,414,055
School Administrative Services	4,574,757	4,505,564	843,050	4,732,220	4,578,561	4,787,560	4,812,556	4,861,129	5,217,892	5,297,319
Plant Operations And Maintenance	8,035,186	7,856,149	7,803,481	7,935,925	8,027,385	9,717,222	8,833,502	10,216,526	10,682,242	12,205,594
Pupil Transportation	4,519,707	4,643,965	4,708,140	5,290,632	4,702,946	7,066,626	6,543,608	3,555,992	9,013,106	10,548,694
Unallocated Benefits	26,020,243	27,210,100	29,818,675	33,415,259	35,503,265	39,199,306	40,443,259	45,651,292	55,713,385	54,322,819
Special Schools	402,760	156,178								
Transfer to Charter Schools	7,204	10,420	10,448	43,223	33,016	42,971	18,393	19,165	133,021	93,401
Capital Outlay	2,728,830	3,515,868	4,098,791	3,616,859	2,181,404	4,261,714	4,684,478	4,688,693	7,431,886	5,978,722
Total Expenditures	125,532,986	130,566,873	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104	161,209,489	186,912,072	186,530,443
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(5,848,142)	(2,938,920)	(1,383,001)	(2,906,558)	2,316,808	(4,135,217)	(2,434,934)	(676,112)	(8,516,899)	(3,735,584)
Other Financing Sources/(Uses):										
Bond Proceeds				97,140			360,000			70,000,000
Financed Purchases (Non-Budgeted)		301,432	269,429	2,203,366	1,993,588	3,896,126	3,033,179	1,169,772	2,615,708	
Montclair Improvement Authorization								10,720,000		
ESIP Financed Purchases Proceeds				463	2,438	1,020,165	88,052	160,729	60,699	
Transfers In	68,771	2,384,926	11,215	(204,131)	(226,863)	(1,136,562)	(215,090)	(179,314)	(103,547)	(36,300)
Transfers Out	(234,986)	(2,485,756)	(61,803)	2,096,838	1,769,163	3,779,729	3,266,141	11,871,187	2,572,860	69,963,700
Total Other Financing Sources/(Uses)	(166,215)	200,602	218,841	2,096,838	1,769,163	3,779,729	3,266,141	11,871,187	2,572,860	69,963,700
Net Change In Fund Balances	\$ (6,014,357)	\$ (2,738,318)	\$ (1,164,160)	\$ (809,720)	\$ 4,085,971	\$ (355,488)	\$ 831,207	\$ 11,195,075	\$ (5,944,039)	\$ 66,228,116
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS

UNAUDITED
 (modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Subscription Busing	Other	Total
2014	\$ 59,993	\$ 67,944	\$ 107,772	\$ 202,391		\$ 440,865	\$ 878,965
2015	37,710	58,083	125,326	1,896,152 *		326,129	2,443,400
2016	43,155	41,743	41,057	651,887 *		202,142	979,984
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103
2018	205,962	167,105	100,965	106,132		257,263	837,427
2019	407,443	93,643	163,536	188,857		237,390	1,090,869
2020	297,216	103,243	48,139	1,215,186 #		400,880	2,064,664
2021	23,709	71,680	12,364	184,863		143,477	436,093
2022	25,795	29,895	83,351	260,043		155,425	554,509
2023	564,010	29,456	37,209	404,229	6,389	122,898	1,164,191

* - Includes a refund from Horizon Blue Cross
 # - Includes a final settlement from prior health benefits plan provider

Source: Montclair Township School District records

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

Year Ended Dec. 31,	Vacant Land		Residential	Commercial	Industrial	Apartment	Total Assessed Value		Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	Value	Area					Value	Area					
2013	\$ 16,472,400		\$ 4,894,705,110	\$ 588,899,400	\$ 4,539,500	\$ 252,173,500	\$ 5,756,789,910	\$ 656,601,900	\$ 9,368,010	\$ 5,766,157,920	\$ 1.80	\$ 6,603,712,425	
2014	16,727,600		4,879,173,310	584,383,400	4,539,200	249,503,700	5,734,327,210	657,086,100	8,380,841	5,742,708,051	1.87	6,519,107,090	
2015	17,538,800		4,883,842,510	577,300,700	4,539,200	246,801,000	5,730,022,210	657,073,600	7,948,928	5,737,971,138	1.97	6,746,283,622	
2016	17,238,900		4,879,919,300	569,184,400	3,891,000	240,140,600	5,710,374,200	672,102,200	8,386,600	5,718,760,800	2.05	6,805,822,663	
2017	16,524,600		4,895,004,400	563,938,000	3,891,000	243,149,800	5,722,507,800	699,897,000	8,116,600	5,730,624,400	2.11	7,107,693,577	
2018 *	22,525,800		5,998,997,600	692,562,000	7,212,800	308,366,600	7,029,664,800	912,136,400	10,160,600	7,039,825,400	1.65	7,359,549,675	
2019	27,821,000		6,008,889,700	693,121,700	7,212,800	313,571,400	7,050,616,600	910,875,000	9,411,300	7,060,027,900	1.68	7,836,749,193	
2020	28,846,400		6,025,614,100	690,123,600	5,023,000	321,723,500	7,071,330,600	790,819,700	9,422,700	7,080,753,300	1.70	7,923,346,758	
2021	26,461,900		6,038,567,900	693,817,200	5,023,000	328,114,900	7,091,984,900	779,715,500	9,629,400	7,101,614,300	1.85	8,077,971,840	
2022	26,315,900		6,064,804,300	697,834,200	5,023,000	326,194,900	7,120,172,300	834,472,500	9,003,189	7,129,175,489	1.88	8,649,180,767	

* - Revaluation year.

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

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

Year Ended December 31,	Montclair Township School District					Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Montclair Township	Essex County	
2013	\$ 1.80		\$ 1.80	\$ 0.94	\$ 0.56	\$ 3.30
2014	1.87		1.87	0.95	0.59	3.41
2015	1.97		1.97	0.95	0.61	3.53
2016	2.05		2.05	0.96	0.62	3.63
2017	2.11		2.11	0.98	0.64	3.73
2018	* 1.75	*	1.75	* 0.82	* 0.52	* 3.09
2019	1.79		1.79	0.82	0.54	3.15
2020	1.82		1.82	0.82	0.54	3.18
2021	1.85		1.85	0.84	0.55	3.23
2022	1.88		1.88	0.85	0.56	3.29

* - Revaluation year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2023			2014		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	
Rockcliffe Apartments	\$ 18,757,000	0.26 %	Rockcliffe Apartments	\$ 15,146,300	0.26 %	
Bellelaire LLC	14,449,200	0.20 %	Lackawanna Associates	15,000,000	0.26 %	
Rockledge 36, LLC	14,209,100	0.20 %	Hawthorne Towers	11,448,200	0.20 %	
Montclairion Associates LP (% Atlantic)	10,823,800	0.15 %	Richard Grabowsky, LLC	10,985,400	0.19 %	
Orange Pavilion, LLC	10,764,800	0.15 %	Princeton BK & Industry Constg. Group	10,786,600	0.19 %	
First Montclair LLC (% Empire MGMT)	10,327,600	0.15 %	Bellelaire, LLC	10,649,300	0.19 %	
45 Church St Assoc (% Afflia MGMT)	10,126,800	0.14 %	Orange Pavillion	9,250,000	0.16 %	
BDP Lackawanna LLC	10,000,000	0.14 %	45 Church St. Associates	8,500,000	0.15 %	
MKM Holdings LLC	9,292,800	0.13 %	Midland Realty Assoc	7,712,600	0.13 %	
147 Bloomfield Ave JV, LLC	8,951,000	0.13 %	Gordonhurst Assoc.	6,688,400	0.12 %	
Total	\$ 117,702,100	1.65 %		\$ 106,166,800	1.85 %	

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 97,509,698	\$ 97,509,698	100.00%	\$ -0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-
2017	109,921,598	109,921,598	100.00%	-0-
2018	112,636,548	112,636,548	100.00%	-0-
2019	115,941,279	115,941,279	100.00%	-0-
2020	118,260,105	118,260,105	100.00%	-0-
2021	120,625,307	120,625,307	100.00%	-0-
2022	123,037,813	123,037,813	100.00%	-0-
2023	125,498,569	125,498,569	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases					
2014	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	0.00 %	\$ -0-
2015	-0-	251,561	-0-	-0-	251,561	0.01 %	6.64
2016	-0-	370,546	-0-	-0-	370,546	0.02 %	9.62
2017	-0-	295,855	-0-	-0-	295,855	0.01 %	7.65
2018	-0-	125,776	-0-	-0-	125,776	0.01 %	3.25
2019	-0-	39,649	-0-	-0-	39,649	0.00 %	1.02
2020	-0-	305,184	-0-	-0-	305,184	0.01 %	7.93
2021	-0-	10,936,302	-0-	-0-	10,936,302	0.43 %	267.16
2022	-0-	10,535,854	-0-	-0-	10,535,854	0.36 %	264.58
2023	70,000,000	9,758,416	-0-	-0-	79,758,416	2.70 %	2,002.92

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions				
2014	\$ -0-	\$ -0-		\$ -0-	0.00 %	\$ -0-
2015	-0-	-0-		-0-	0.00 %	-0-
2016	-0-	-0-		-0-	0.00 %	-0-
2017	-0-	-0-		-0-	0.00 %	-0-
2018	-0-	-0-		-0-	0.00 %	-0-
2019	-0-	-0-		-0-	0.00 %	-0-
2020	-0-	-0-		-0-	0.00 %	-0-
2021	-0-	-0-		-0-	0.00 %	-0-
2022	-0-	-0-		-0-	0.00 %	-0-
2023	70,000,000	-0-		70,000,000	0.98 %	1,758

Source: School District Financial Reports

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

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Montclair	\$ 69,739,864	100.00%	\$ 69,739,864
Essex County General Obligation Debt	685,637,111	9.31%	<u>63,866,290</u>
Subtotal, Overlapping Debt			133,606,154
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u>\$ 133,606,154</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023	
<u>Equalized Valuation Basis</u>	Montclair Township
2022	\$ 8,816,070,706
2021	8,601,808,828
2020	8,031,039,864
	\$25,448,919,398
Average Equalized Valuation of Taxable Property	\$ 8,482,973,133
Debt Limit (4% of Average Equalization Value) ^a	\$ 339,318,925
Net Bonded School Debt	70,000,000
Legal Debt Margin	\$ 269,318,925

	Montclair Township Debt Information				
	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$266,007,265	\$264,469,326	\$267,474,394	\$ 274,796,198	\$ 282,475,277
Total Net Debt Applicable to Limit	71,192,725	72,870,022	67,789,226	70,852,863	71,214,780
Legal Debt Margin	\$194,814,540	\$191,599,304	\$199,685,168	\$ 203,943,335	\$ 211,260,497
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	26.76%	27.55%	25.34%	25.78%	25.21%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$295,500,638	\$306,237,077	\$315,983,633	\$ 326,796,700	\$ 339,318,925
Total Net Debt Applicable to Limit	74,314,083	73,580,409	72,480,501	70,679,036	70,000,000
Legal Debt Margin	\$221,186,555	\$232,656,668	\$243,503,132	\$ 256,117,664	\$ 269,318,925
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.15%	24.03%	22.94%	21.63%	20.63%

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

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

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

Year	Population ^a	Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	37,834	\$ 2,161,569,922	\$ 57,133	5.20%
2015	37,862	2,248,813,490	59,395	4.30%
2016	38,502	2,338,418,970	60,735	4.00%
2017	38,691	2,424,339,369	62,659	3.80%
2018	38,721	2,459,596,641	63,521	3.20%
2019	38,724	2,552,957,148	65,927	2.70%
2020	38,509	2,714,768,973	70,497	7.20%
2021	40,935	3,041,879,850	74,310	4.80%
2022	39,821	2,959,098,510 ***	74,310 *	2.80%
2023	39,821 **	2,959,098,510 ***	74,310 *	N/A

* - Latest Essex County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

***- Latest available population data (2022) and latest available Essex County per capita personal income (2021) was used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

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

2023		2014		Percentage of Total Employment
Employer	Employees	Employer	Employees	Employment
				Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

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

<u>Function/Program</u>	<u>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>	<u>2023</u>
Instruction:										
Regular	454.0	467.9	470.9	480.4	458.6	449.6	450.9	449.7	440.0	441.0
Special Education	163.0	143.6	141.8	134.6	132.7	134.6	146.0	146.5	183.0	181.0
Support Services:										
Student & Instruction Related Services	272.0	301.4	336.7	343.5	328.6	330.2	349.6	366.5	362.1	323.0
School Administrative Services	49.0	49.5	48.5	49.0	45.5	45.5	48.5	45.5	45.5	45.5
General and Business Administrative Services	4.0	3.0	3.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Plant Operations and Maintenance	61.0	61.0	62.0	63.0	65.0	65.0	67.0	66.0	66.0	66.0
Pupil Transportation	3.0	3.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Business and Other Support Services	14.0	20.7	20.7	20.0	22.7	22.7	19.0	19.0	19.3	19.3
Total	1,020.0	1,050.1	1,087.0	1,098.8	1,061.4	1,055.9	1,089.3	1,101.5	1,124.2	1,084.1

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2014	6,736	\$ 122,804,156	\$ 18,231	0.82 %	568	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	572	10.1:1	8.2:1	9.7:1	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	581	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	584	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %
2018	6,635	137,882,111	20,781	0.69 %	568	12.1:1	9.7:1	12.9:1	6,664	6,323	-0.13 %	94.88 %
2019	6,659	149,479,456	22,448	8.02 %	576	12.1:1	9.7:1	12.9:1	6,664	6,323	0.00 %	94.88 %
2020	6,589	151,375,626	22,974	2.34 %	573	11.5:1	10.0:1	12.9:1	6,617	6,374	-0.71 %	96.34 %
2021	6,396	156,520,796	24,472	6.52 %	569	11.1:1	9.7:1	12.9:1	6,254	6,056	-5.48 %	96.83 %
2022	6,048	179,480,186	29,676	21.27 %	623	9.3:1	8.8:1	12.2:1	6,001	5,644	-9.31 %	94.05 %
2023	6,039	180,551,721	29,898	0.75 %	622	9.5:1	8.6:1	11.0:1	6,082	5,738	1.35 %	94.34 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,981	1,946	2,018	2,029	2,047	2,071	2,035	2,025	1,991	1,958
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	678	680	649	640	641	674	668	654	621	539
Buzz Aldrin Middle School										
Square Feet	126,568	126,568	126,568	126,568	126,568	126,568	126,568	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	546	646	642	659	658	658	665	661	624	607
Renaissance Middle School										
Square Feet	37,167	37,167	37,167	37,167	37,167	37,167	37,167	37,167	37,167	37,167
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	269	276	284	289	280	256	247	242	226	222
Bradford Elementary School										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	354	354
Enrollment	427	441	431	426	430	436	413	389	361	381
Bullock Elementary School										
Square Feet	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	384	481	463	439	448	448	466	434	424	424

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	296	396	284	288	283	291	276	237	236	260
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	626	531	560	587	591	521	535	535	439	455
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	469	467	489	458	423	394	461	428	411	434
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	448	442	441	436	415	416	408	391	335	363
Watchung Elementary School										
Square Feet	34,638	52,109	52,109	52,109	52,109	52,109	52,109	52,109	52,109	52,109
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	452	448	441	439	432	426	415	400	380	396

N/A - Not Applicable

Number of Schools at June 30, 2023

 Elementary = 7

 Middle School = 3

 High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

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

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

School Facilities *	2014	2015	2016	2017	2018
Bradford Elementary School	\$ 37,641	\$ 35,946	\$ 23,657	\$ 70,566	\$ 88,175
Bullock Elementary School	68,502	41,652	31,932	39,862	31,715
Edgemont Elementary School	32,790	27,907	38,554	27,947	125,787
Glenfield Middle School	103,155	122,785	90,628	116,527	78,449
Hillside Elementary School	84,818	58,285	51,443	68,343	172,021
Montclair High School	266,067	279,625	277,444	321,473	476,500
Buzz Aldrin Middle School	34,966	12,693	135,193	47,739	66,341
Nishuane Elementary School	42,586	61,091	25,059	51,998	72,105
Northeast Elementary School	56,390	51,954	71,012	1,275	80,527
Renaissance Middle School	36,368	61,288	40,343	55,057	45,224
Watchung Elementary School	40,991	29,641	54,262	121,022	100,427
	<u>\$ 804,274</u>	<u>\$ 782,867</u>	<u>\$ 839,527</u>	<u>\$ 921,809</u>	<u>\$1,337,271</u>
School Facilities *	2019	2020	2021	2022	2023
Bradford Elementary School	\$ 59,008	\$ 40,699	\$ 129,505	\$ 50,522	\$ 90,113
Bullock Elementary School	49,764	42,865	238,408	34,749	53,867
Edgemont Elementary School	49,284	29,793	140,175	27,893	63,046
Glenfield Middle School	171,152	56,851	225,571	182,158	104,088
Hillside Elementary School	73,593	345,487	280,836	151,792	244,732
Montclair High School	435,569	464,318	444,565	366,864	362,848
Buzz Aldrin Middle School	69,830	256,859	232,806	90,304	118,978
Nishuane Elementary School	41,829	82,960	200,979	75,311	116,655
Northeast Elementary School	175,386	49,996	197,269	58,987	100,152
Renaissance Middle School	67,715	39,853	114,837	89,485	87,952
Watchung Elementary School	59,620	42,675	159,641	57,192	74,811
	<u>\$1,252,750</u>	<u>\$1,452,356</u>	<u>\$2,364,592</u>	<u>\$1,185,257</u>	<u>\$1,417,242</u>

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

Source: Montclair Township School District records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	Coverage	Deductible
New Jersey Schools Insurance Group:		
Property - Blanket Building & Contents	\$ 500,000,000	\$ 25,000
Comprehensive General Liability	31,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	31,000,000	
Excess Liability Coverage	10,000,000	
Boiler and Machinery - Property Damage	Included	
Board of Education Legal Liability Coverage A (E&O and EPLI)	31,000,000	250,000
Aggregate	3,000,000	
Board of Education Legal Liability Coverage B	100,000	25,000
Aggregate	300,000	
Cyber Liability Each Event Limit	1,000,000	25,000
Privacy Crisis Management	100,000	
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
Computer Fraud	1,000,000	1,000
Umbrella Liability Excess (Included in GL & AL limits)		
Environmental Impairment Liability:		
Ironshore Specialty Insurance Co.	1,000,000	50,000
Aggregate	11,000,000	
NJCAP(Excess Coverage)	25,000,000	
Fireman's Fund Insurance Company		
Additional Excess Liability		
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
Star Insurance Company		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Cash Flow Protection Endorsement	250,000	
Edwin Brown - Assistant Business Administrator	250,000	
Christina Hunt - Business Administrator	550,000	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	Coverage	Deductible
Flood		
High School Limit for Building & Contents each	500,000	2,000
Rand School Limit for Building & Contents each	500,000	1,250
Northeast School Limit for Building & Contents each	500,000	1,250
Student & Athletic Insurance - Liberty Insurance:	500,000	
Limit including all sports activities - Standard Plan, Medical	25,000	
Benefit Period - 3 years		
Limit including all sports activities - Excess Coverage Plan, Medical	5,000,000	25,000
Benefit Period - 10 years		
Catastrophic Cash	1,000,000	

Source: Montclair Township School District records.

SINGLE AUDIT SECTION



Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ
 973.298.8500
 nisivoccia.com
 Independent Member
 BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2024.

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.

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.

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

January 10, 2024
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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



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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
 Montclair Township School District
 County of Essex, New Jersey

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinions

We have audited the Montclair Township School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. 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.

Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Extraordinary Special Education Costs Aid major state program for the fiscal year ended June 30, 2023.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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* (NJOMB 15-08). Our responsibilities under those standards, the Uniform Guidance and NJOMB 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

The Honorable President and Members
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Montclair Township School District
Page 2

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 qualified and unmodified opinions 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.

Matter Giving Rise to Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program

As described in Finding 2023-001 the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding eligibility and types of services allowed or unallowed for its Extraordinary Special Education Costs Aid.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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.

Auditor's 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 NJOMB 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.

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

- 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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001, to be a significant deficiency.

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.

Governmental Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

January 10, 2024
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Prior Year Encumbrance Canceled	Balance at June 30, 2023		Amount Provided to Subrecipients
			From	To		(Accounts Receivable)	Unearned Revenue				(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education - Passed-through													
State Department of Education:													
Special Revenue Fund:													
Special Education Cluster:													
I.D.E.A. - Part B, Basic Regular	84-027A	IDEA-3310-22	7/1/21	9/30/22	\$ 2,140,889	\$ (124,649)	\$ 517,684	\$ (393,035)			\$ (271,291)		
I.D.E.A. - Part B, Basic Regular	84-027A	IDEA-3310-23	7/1/22	9/30/23	1,883,280		1,075,905	(1,347,196)					
I.D.E.A. - Part B, Preschool	84-173	IDEA-3310-22	7/1/21	9/30/22	77,024		17,777	(17,777)					
I.D.E.A. - Part B, Preschool	84-173	IDEA-3310-23	7/1/22	9/30/23	69,074		23,787	(26,608)			(2,821)		
COVID 19 -ARP - I.D.E.A. Part B, Basic	84-027X	IDEA-3310-22	7/1/21	9/30/22	375,294	(4,799)	152,007	(276,348)			(129,140)		
COVID 19 -ARP - I.D.E.A. Part B, Preschool	84-173X	IDEA-3310-22	7/1/21	9/30/22	31,995	(129,448)	1,787,160	(2,092,959)			(31,995)		
Subtotal Special Education Cluster													
Elementary and Secondary Education Act:													
Title I, Part A	84-010	ESEA-3310-22	7/1/21	9/30/22	1,224,527	(244,228)	332,089	(87,454)	\$ (407)				
Title I, Part A	84-010	ESEA-3310-23	7/1/22	9/30/23	1,273,682	(244,228)	366,818	(971,341)			(604,523)		
Subtotal Title I - Part A													
Title I SIA, Part A	84-010	ESEA-3310-22	7/1/21	9/30/22	103,632	(7,201)	32,508	(25,307)			(31,932)		
Title I SIA, Part A	84-010	ESEA-3310-23	7/1/22	9/30/23	87,684	(7,201)	1,717	(33,649)			(31,932)		
Subtotal Title I SIA, Part A													
Title II A	84-367A	ESEA-3310-22	7/1/21	9/30/22	365,308	(14,160)	114,102	(99,942)					
Title II A	84-367A	ESEA-3310-23	7/1/22	9/30/23	270,573	(14,160)	18,015	(143,340)			(125,325)		
Subtotal Title II A													
Title III	84-365A	ESEA-3310-22	7/1/21	9/30/22	23,004	(7,961)	7,961						
Title III	84-365A	ESEA-3310-23	7/1/22	9/30/23	27,892	(7,961)	4,209	(11,553)			(7,344)		
Subtotal Title III													
Title IV	84-358	ESEA-3310-22	7/1/21	9/30/22	110,491	(7,180)	7,180						
Subtotal Title IV													
Total Elementary and Secondary Education Act													
Education Stabilization Fund:													
COVID-19 CARES Emergency Relief Grant	84-425D	CARES041022	3/13/20	9/30/22	590,042	(809)	4,782	(3,973)					
COVID-19 - CRRSA:													
ESSER II	84-425D	S425D210027	3/13/20	9/30/23	2,258,081	(165,913)	719,395	(522,812)			\$ 30,670		
Mental Health	84-425D	S425D210027	3/13/20	9/30/23	45,000		31,230	(19,000)				12,230	
COVID-19 - ARP:													
ESSER III	84-425U	S425D210027	3/13/20	9/30/24	5,074,892	(2,763,668)	2,362,068	(415,578)	157,857		(659,321)		
Accelerated Learning	84-425U	S425D210027	3/13/20	9/30/24	550,674		254,227	(461,417)			(207,190)		
Beyond School Day	84-425U	S425D210027	3/13/20	9/30/24	40,000		3,059	(8,018)			(4,959)		
ARP - Homeless	84-425W	N/A	4/13/21	9/30/24	29,745		5,000	(5,000)					
Total Education Stabilization Fund													
Total U.S. Department of Education													
						(2,930,390)	3,379,761	(1,435,798)	157,857	(871,470)	42,900		
						(3,340,568)	6,051,520	(4,901,343)	157,450	(2,075,841)	42,900		

MONTECLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Encumbrance Canceled	Balance at June 30, 2023		Amount Provided to Subrecipients
			From	To		(Accounts Receivable)	Unearned Revenue				(Accounts Receivable)	Unearned Revenue	
U.S. Department of Treasury -													
Passed-through State Department of Education:													
Special Revenue Fund:													
COVID-19 Education and Related Services for Students with Disabilities (ACSERS)	21.027	N/A	7/1/21	9/30/22	\$ 698,809	\$ (698,809)	\$ 698,809	\$ (534,205)			\$ (534,205)		
COVID-19 Education and Related Services for Students with Disabilities (ACSERS)	21.027	N/A	7/1/22	9/30/23	534,205								
Total U.S. Department of Treasury													
Total Special Revenue Fund													
U.S. Department of Health and Human Services -													
Passed-through State Department of Human Services:													
Medicaid Cluster:													
Medical Assistance Program (SEMI)	93.778	N/A	7/1/22	6/30/23	112,572		112,572	(112,572)					
COVID- 19 - Family First Coronavirus Response Act	93.778	N/A	1/1/21	12/31/21	5,890		5,890	(5,890) *					
Total U.S. Department of Health and Human Services/Medicaid Cluster													
U.S. Department of Agriculture - Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
School Breakfast Program:													
COVID-19 Seamless Summer Option	10.553	N/A	7/1/21	6/30/22	68,979	(14,551)	14,551						
National School Breakfast Program	10.553	N/A	7/1/22	6/30/23	24,880		22,427	(24,880)			(2,453)		
Subtotal School Breakfast Program													
National School Lunch Program:													
COVID-19 Seamless Summer Option	10.555	N/A	7/1/21	6/30/22	1,644,966	(362,742)	362,742						
National School Lunch Program	10.555	N/A	7/1/22	6/30/23	452,471		420,204	(452,471)			(32,267)		
Healthy Hunger- Free Kids Act	10.556	N/A	7/1/22	6/30/23	22,991		21,338	(22,991)			(1,653)		
Subtotal National School Lunch Program													
Federal Food Distribution Program	10.555	N/A	7/1/21	6/30/22	37,266			(11,370)					
Federal Food Distribution Program	10.555	N/A	7/1/22	6/30/23	46,786		46,786	(40,407)			6,379		
Subtotal Federal Food Distribution Program													
COVID - 19 Supply Chain Assistance	10.555	N/A	7/1/22	6/30/23	283,672	(377,293)	283,672	(157,651)			(36,373)		
Total Child Nutrition Cluster													
Total U.S. Department of Agriculture													
TOTAL FEDERAL AWARDS													
						\$ (4,416,670)	\$ 11,370	\$ 8,040,511	\$ (6,263,780)	\$ 157,450	\$ (2,646,419)	\$ 175,300	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			MEMO					
				Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Prior Year Encumbrance Canceled	Cancellation	Repayment of Prior Years' Balances	GAAP Unearned Revenue/(Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Budgetary Deferred Revenue	Cumulative Total Expenditures
General Fund:															
Special Education Categorical Aid	23-495-034-5120-089	7/1/22 6/30/23	\$6,160,484	\$ (556,137)	\$ 5,555,094	\$ (6,160,484)	\$ (605,390)	\$ 6,160,484							\$ 6,160,484
Special Education Categorical Aid	22-495-034-5120-089	7/1/21 6/30/22	5,780,579		556,137			5,780,579							5,780,579
Security Aid	23-495-034-5120-084	7/1/22 6/30/23	755,225		681,009	(755,225)									755,225
Security Aid	22-495-034-5120-084	7/1/21 6/30/22	755,225		72,658			755,225							755,225
Adjustment Aid	23-495-034-5120-085	7/1/22 6/30/23	322,539		290,843	(322,539)									322,539
Adjustment Aid	22-495-034-5120-085	7/1/21 6/30/22	322,539		31,031			322,539							322,539
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22 6/30/23	4,258,959			(4,258,959)									4,258,959
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21 6/30/22	3,630,513		3,630,513										3,630,513
Transportation Aid	23-495-034-5120-014	7/1/22 6/30/23	1,175,389		1,059,884	(1,175,389)									1,175,389
Transportation Aid	22-495-034-5120-014	7/1/21 6/30/22	1,175,389		113,081										1,175,389
Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/22 6/30/23	62,712		71,050	(62,712)									62,712
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21 6/30/22	71,050		71,050										71,050
Capital Projects Grant (PTRF)	23-495-034-5120-134	7/1/22 6/30/23	500,000		500,000	(500,000)									500,000
Capital Projects Grant (PTRF)	22-495-034-5120-134	7/1/21 6/30/22	500,000		55,880										55,880
Securing Our Children's Future Bond Act	20E00170	4/1/20 6/30/24	377,768												377,768
On-Behalf TPAF Contributions:															
Post-Retirement Medical	23-495-034-5094-001	7/1/22 6/30/23	5,941,403		5,941,403	(5,941,403)									5,941,403
Pension	23-495-034-5094-002	7/1/22 6/30/23	22,307,401		22,307,401	(22,307,401)									22,307,401
Non-Contributory Insurance	23-495-034-5094-004	7/1/22 6/30/23	309,490		309,490	(309,490)									309,490
Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 6/30/23	7,114		7,114	(7,114)									7,114
Reimbursed TPAF Social Security Aid	23-495-034-5094-003	7/1/22 6/30/23	4,440,066		4,216,802	(4,440,066)									4,440,066
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	7/1/21 6/30/22	4,377,308		217,070										4,377,308
Total General Fund State Aid				(4,747,420)	45,616,460	(46,240,782)	(5,371,742)		(4,544,935)						62,934,993
Special Revenue Fund:															
NJ Nonpublic Aid:															
Textbook Aid (Chapter 194)	22-100-034-5120-064	7/1/21 6/30/22	109,837		\$ 34,741		\$ 2,137								72,959
Textbook Aid (Chapter 194)	23-100-034-5120-064	7/1/22 6/30/23	126,060		126,060	(112,789)									112,789
Nursing Services (Chapter 226)	23-100-034-5120-070	7/1/22 6/30/23	214,144		214,144	(214,144)									214,144
Auxiliary Services (Chapter 192):															
Compensatory Education	22-100-034-5120-067	7/1/21 6/30/22	135,266		71,754										63,512
Compensatory Education	23-100-034-5120-067	7/1/22 6/30/23	105,847		105,847	(87,960)									87,960
English as a Second Language	23-100-034-5120-067	7/1/22 6/30/23	1,002		1,002	(1,002)									1,002
Home Instruction	22-100-034-5120-067	7/1/21 6/30/22	8,000		8,000										5,019
Handicapped Services (Chapter 193):															
Supplementary Instruction	22-100-034-5120-066	7/1/21 6/30/22	73,514		32,297										41,217
Supplementary Instruction	23-100-034-5120-066	7/1/22 6/30/23	63,602		63,602	(63,602)									63,602
Examination and Classification	22-100-034-5120-066	7/1/21 6/30/22	113,553		14,060										99,493
Examination and Classification	23-100-034-5120-066	7/1/22 6/30/23	87,015		87,015	(62,950)									62,950
Corrective Speech	22-100-034-5120-066	7/1/21 6/30/22	23,250		12,369										10,881
Corrective Speech	23-100-034-5120-066	7/1/22 6/30/23	18,600		18,600	(18,600)									18,600
NJ Nonpublic Aid (Cont'd):															
Security Aid	22-100-034-5120-509	7/1/21 6/30/22	320,425		58,198										262,227
Security Aid	23-100-034-5120-509	7/1/22 6/30/23	391,960		391,960	(313,155)									313,155
Technology Initiative	22-100-034-5120-373	7/1/21 6/30/22	76,860		708										76,152
Technology Initiative	23-100-034-5120-373	7/1/22 6/30/23	80,220		80,220	(80,220)									80,220
Climate Awareness Grant	N/A	7/1/22 6/30/23	6,660												5,402
Preschool Aid Education Aid	23-495-034-5120-086	7/1/22 6/30/23	1,028,392		927,332	(918,705)									918,705
Total Special Revenue Fund				(8,000)	224,127	(1,878,529)	6,543		104,285	140,571	(101,060)	109,687			2,509,989

MONTECLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Prior Year Encumbrance Canceled	Cancellation	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor						GAAP Unearned Revenue/(Accounts Receivable)	Due to Grantor		Budgetary (Accounts Receivable)
State Department of Agriculture:															
Enterprise Fund:															
COVID-19 Seamless Summer Option	22-100-010-3350-023	7/1/21	6/30/22	\$ 38,615	\$	8,348									
State School Lunch Program	23-100-010-3350-023	7/1/22	6/30/23	22,052		20,481	\$ (22,052)						\$ (1,571)	\$ (1,571)	
State School Breakfast Program	23-100-010-3350-023	7/1/22	6/30/23	181		157	(181)						(24)	(24)	
Total Enterprise Fund						28,986	(22,233)						(1,595)	(1,595)	60,848
Schools Development Authority:															
Special Revenue Fund:															
Emergent and Capital Maintenance Needs	N/A	11/19/21	6/30/22	161,741		148,919									\$ 148,919
Capital Projects Fund:															
Educational Facilities Construction &	Various	7/1/14	6/30/20	990,572										(990,572)	
Total Schools Development Authority						343,289				\$ 81,256			(1,032,976)	(2,023,548)	148,919
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION						\$ 48,012,517	\$ (48,141,544)	\$	6,543	\$ 81,256	\$ (224,127)	\$ (5,475,221)	\$ (7,497,945)	\$ 238,606	\$ 72,037,215
Less - State Awards Not Subject to Single Audit Major Program Determination:															
On-Behalf TPAF Pension System Contributions:															
Post-Retirement Medical	23-495-034-5094-001	7/1/22	6/30/23	5,941,403			5,941,403								
Pension	23-495-034-5094-002	7/1/22	6/30/23	22,307,401			22,307,401								
Non-Contributory Insurance	23-495-034-5094-004	7/1/22	6/30/23	309,490			309,490								
Long-Term Disability Insurance	23-495-034-5094-004	7/1/22	6/30/23	7,114			7,114								
Subtotal On-Behalf TPAF Pension System Contributions							28,565,408								
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION							\$ (19,576,136)								

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Township of Montclair School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(53,900) for the General Fund and (\$272,229) for the Special Revenue Fund. The Food Service Program receipt of the Paycheck Protection Program Reimbursement of \$63,598 is not recorded on the Schedules of Expenditures of Federal Awards. See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 118,462	\$ 46,186,882	\$ 46,305,344
Special Revenue Fund	5,353,671	1,683,377	7,037,048
Capital Projects Fund		194,370	194,370
Food Service Fund	773,368	22,233	795,601
Total Financial Assistance	\$ 6,245,501	\$ 48,086,862	\$ 54,332,363

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, 2023. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$2,299,174 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2023 after having received reimbursement of \$194,370 in 2022-2023. As of June 30, 2023 none of these funds have been expended, submitted for reimbursement or been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There was a significant deficiency in internal control over a major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey's OMB Circular 15-08*. No material weaknesses were reported.
- The auditor's report on compliance for each major federal and state program for the District expresses a qualified opinion on the District's compliance for the Extraordinary Special Education Costs Aid state program and an unmodified opinion on each of the other major federal and state programs.
- Audit finding 2023-001 which is required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance is reported on this schedule.
- The District's programs tested as major programs for the current fiscal year consisted of the following federal and state awards:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Education Stabilization Fund:				
COVID-19 CARES Emergency				
Relief Grant	84.425D	3/13/20-9/30/22	\$ 590,042	\$ 3,973
COVID-19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	2,258,081	522,812
Mental Health	84.425D	3/13/20-9/30/23	45,000	19,000
COVID-19 - ARP:				
ESSER III	84.425U	3/13/20-9/30/24	5,074,892	415,578
Accelerated Learning	84.425U	3/13/20-9/30/24	550,674	461,417
Beyond the School Day	84.425U	3/13/20-9/30/24	40,000	8,018
Homless Grant	84.425W	3/13/20-9/30/24	29,745	5,000

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 (Continued)

Summary of Auditors' Results: (Cont'd)

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Elementary and Secondary Education Act:				
Title I, A	84.010	7/1/22-9/30/23	\$ 1,273,682	\$ 971,341
Title I, A	84.010	7/1/21-9/30/22	1,224,527	87,454
Title I SIA, Part A	84.010	7/1/22-9/30/23	87,684	33,649
Title I SIA, Part A	84.010	7/1/21-9/30/22	103,632	25,307
State:				
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	4,258,959	4,258,959
Preschool Aid Education Aid	23-495-034-5120-086	7/1/22-6/30/23	1,028,392	918,705
General State Aid:				
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	6,160,484	6,160,484
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	755,225	755,225
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	322,539	322,539
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.				
- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.				
- The District was determined to not be a "low-risk" auditee for federal and for state programs.				

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

Finding 2023-001: N.J. Department of Education – Extraordinary Special Education Costs Aid – Eligibility, Types of Services Allowed or Unallowed and Significant Deficiency.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

Finding 2023-001: (Cont'd)

<u>Program Title</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>	<u>Questioned Costs</u>
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	\$ 4,258,959	\$ 4,258,959	\$ 310,571

Criteria:

The School Funding Reform Act of 2018 (SFRA) and N.J.S.A.18A:7F-55(c) requests a school district to file an application with the N.J. Department of Education for reimbursement of current year's expenses in which the actual cost of providing an education for an individual pupil, excluding transportation costs, exceeds a predetermined threshold within a single fiscal year. Extraordinary Aid is available for partial reimbursement of allowable/eligible costs incurred for individual classified pupils whose Individualized Education Plan (IEP) requires the provision of at least one intensive service. As per state regulations, (1) the student's IEP must indicate the intensive service(s) which will be provided to the student in order to claim those costs in the Extraordinary Aid application; and (2) the District must maintain work papers and supporting cost documentation. Costs must be pro-rated if they are incurred for multiple students.

Condition and Context:

During our review of the District's Extraordinary Aid (ExAid) application, we noted that the IEPs for the sixteen students selected for testing did not include the intensive service(s) claimed on the Extraordinary Aid application.

Effect:

The total costs claimed for reimbursement in error reported in the Extraordinary Aid application of \$310,571 for the insufficient or incorrect documentation reported on the students' IEP.

Cause:

The information for the Extraordinary Aid application is entered on electronic forms which contain drop down boxes to select the services provided to each student. District personnel inadvertently selected intensive services for the sixteen students selected which were not included in their IEP's.

Recommendation:

It is recommended that greater care is taken in reporting intensive services provided to students reported on the Extraordinary Aid application.

Management's Response:

District personnel will exercise greater care in reporting intensive provided to students and all costs reported on the Extraordinary Aid application.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

The prior year finding 2022-001 was not resolved due to the insufficient or incorrect documentation reported on the students' IEP and is included as Finding 2023-001 on the Schedule of Findings and Questioned Costs.