

Montclair Township School District

*Annual Comprehensive Financial Report
For the Year Ended
June 30, 2025*

Montclair Township School District

Township of Montclair, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

Prepared by
Business Office

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Introductory Section



MONTCLAIR PUBLIC SCHOOLS

BUSINESS OFFICE

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DANA SULLIVAN

Interim Business Administrator/Board Secretary

March 6, 2026

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

Dear President and Members of the Board of Education:

State Department of Education statutes require all school districts to prepare a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Montclair Township School District (the "District") for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the District has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

PKF O'Connor Davies, LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that except for the effects of the matters described in the Basis for Qualified Opinion paragraph related to capital assets and compensated absences, the District's financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and

compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the District's ACFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

REPORT FORMAT

The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The purpose of each section of the ACFR is as follows:

- **Introductory Section** – This section includes this transmittal letter, the District's organization chart and a list of principal officials. This section is intended to familiarize the reader with the organizational structure of the District, the nature and scope of the services it provides, and the specifics of its legal operating environment. It is primarily designed for the taxpayer.
- **Financial Section** – This includes the independent auditors' report, the Management's Discussion and Analysis (MD&A), basic financial statements, supplemental information, and the combining and individual fund schedules. It is primarily designed for oversight and legislative bodies.
- **Statistical Section** – This section includes selected financial and demographic information, generally presented on a multi-year basis. This section is intended to provide ACFR users with a broader and complete understanding of the school district and its financial affairs than are possible from the financial statements and supporting schedules included in the Financial Section. It is primarily designed for investors and creditors (similar to information contained in an Official Statement).
- **Single Audit Section** – The District is required to undergo an annual single audit in conformity with the provisions of Title 2, Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB's 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 structure and compliance with applicable laws and regulations and findings and recommendations, is included in the Single Audit Section of this report.

This section includes independent auditors' reports on compliance and internal control, schedules of expenditures of federal awards and state financial assistance, notes to the schedules of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and a summary schedule of prior year audit findings, if applicable. Uniform Guidance and New Jersey OMB Circular 15-08 require this information.

REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Board of Education and all its schools constitute the District's reporting entity.

Organization of the Board of Education

The District is a Type II school district whose boundaries are coterminous with the Township of Montclair in Essex County, New Jersey.

The Board of Education has nine (9) members that are elected for three (3) year overlapping terms. The members of the Board are residents of the Township of Montclair and vote on all matters before the Board of Education.

The Board holds a Regular Meeting once a month, with certain exceptions. These meeting dates are adopted at the Annual Reorganization Meeting.

The general mandatory powers and duties of the Board of Education are:

1. To adopt an official seal;
2. To enforce the rules of the State Board of Education;
3. To make, amend and repeal rules, not inconsistent with applicable laws or with the rules of the State Board, for its own governance and the transaction of its business and for the governance and management of the public schools and public school property, and for the employment, regulations of conduct and discharge of its employees, subject where applicable to the provisions of Article 14, Civil Service of the Revised Statutes.
4. To perform all acts and do all things consistent with law and the rules of the State Board of Education necessary for the lawful and proper conduct, equipment and maintenance of the public schools.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12 for residents of the Township of Montclair. These include regular, vocational, as well as special education for handicapped children. The District also provides programs for the children requiring academic remediation and for children with limited English language proficiency.

ECONOMIC CONDITIONS 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.

MAJOR INITIATIVES

The District continued to implement specific and targeted initiatives developed to address the full 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: the continuing development of student-based, standards aligned magnet and elective courses curricula; continuing an outcome based extended day learning for schools receiving Title I funding; developing a robust student learning protocol with universal screeners, effective progress monitoring tools and tier I, II and III screeners; creating effective social-emotional programs that restore relationships between and among staff, students, parents/guardians and community; continuing the development of an online environment that promotes effective managerial processes for students, staff and community members; 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; 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; 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; (10) 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.

FINANCIAL ACCOUNTING AND REPORTING

The District continues to utilize the Edumet software for financial accounting, payroll, and personnel. 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. The funds are explained in "Notes to the Basic Financial Statements", Note 1.

INTERNAL CONTROL STRUCTURE

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The District receives federal and state financial assistance, and is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the management of the school district. The District has established policies and procedures to effectively implement and maintain an internal accounting control structure that safeguards the District's financial integrity. These policies and procedures are evaluated and revised on an on-going basis.

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, the Special Revenue, and the Debt Service Funds. 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 either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2025.

The New Jersey Department of Education has prescribed forms and formats for the presentation of the annual school budget. The District adheres to Department of Education requirements for budget development, presentation, and adoption.

DEBT ADMINISTRATION

The District is authorized to issue debt based on the action of voters at authorized elections where a referendum is approved. Once the voters approve the referendum, the District is authorized to issue debt, with the payment of principal and interest becoming a part of the annual budget. The School Funding Reform Act of 2008 (SFRA) provides state aid to assist in the support of the District's debt obligation.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." 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 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.

RISK MANAGEMENT

The District utilizes an insurance consultant to assist in the review and evaluation of its third party commercial insurances. The District carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. The statistical section of the ACFR includes a schedule that outlines the types and amounts of coverage.

OTHER INFORMATION

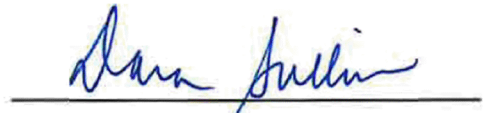
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of PKF O'Connor Davies, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and New Jersey State Treasury Circular OMB 15-08. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Montclair Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of Montclair and thereby contributing their full support to the development and maintenance of our financial operation. We also acknowledge the efforts of the Business Office staff without which this report could not have been completed.

Respectfully Submitted,



Ruth B. Turner
Superintendent of Schools

Dana Sullivan
Interim Business Administrator/Board
Secretary

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

June 30, 2025

Members of the Board of Education

Term Expires

Mfreke (Monk) Inyang, President	2025
Yvonne Bouknight, Vice President	2025
Allison Silverstein	2026
Melanie Deysher	2026
Phaedra Dunn	2026
Jada Roman	2027
Brian Fleischer	2025
Holly Shaw	2027
Eric Scherzer	2027

Other Officials

Title

Ruth B. Turner	Superintendent (effective July 1, 2025)
Damen Cooper	Interim Superintendent (through June 30, 2025)
Dana Sullivan	Interim Business Administrator/Board Secretary (effective July 1, 2025)
Christina Hunt	Business Administrator/Board Secretary (through June 30, 2025)
Beth Brooks	Treasurer

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architect

Parette Somjen, Architect
439 US Highway
Rockaway, New Jersey 07866

Attorney

Taylor Law Group, LLC
430 Mountain Avenue, Suite 103
New Providence, NJ 07974

Schenck, Price, Smith & King, LLP
220 Park Avenue
PO Box 991
Florham Park, NJ 07932

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

Audit Firm

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Official Depository

Investors Savings Bank
505 Bloomfield Avenue
Montclair, New Jersey 07042

Valley National Bank
1460 Valley Road
Wayne, NJ 07470

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

Financial Section

Independent Auditors' Report

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

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Montclair Township School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business – Type Activities	Qualified
General Fund	Unmodified
Special Revenue Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Food Service Enterprise Fund	Qualified
Summer Program Enterprise Fund	Unmodified
Provisional Teacher Enterprise Fund	Unmodified

Qualified Opinion on the Governmental Activities, Business – Type Activities and Food Service Enterprise Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, 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, and the Food Service Enterprise Fund of the District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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Unmodified Opinions on General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund, Summer Program Enterprise Fund and Provisional Teacher Enterprise Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue fund, capital projects fund, debt service fund, summer program enterprise fund, and provisional teacher enterprise fund as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements 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.

Matters Giving Rise to the Qualified Opinion on the Governmental Activities, Business-Type Activities and Food Service Enterprise Fund

Management did not provide a detailed capital asset listing to support the reported capital asset balances, related accumulated depreciation, or depreciation expense recorded in the governmental activities, business-type activities and the food service enterprise fund. In addition, depreciation expense has been recorded in the same amount as the prior year without support demonstrating that such amount appropriately reflects current-year depreciation. As a result, we were unable to obtain sufficient appropriate audit evidence to determine whether adjustments were necessary to capital assets, accumulated depreciation, depreciation expense, net position, and related disclosures.

Furthermore, management was unable to provide supporting documentation or a detailed listing for the compensated absences liability, and the recorded balance has not changed from the prior year. Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine whether adjustments were necessary to the compensated absences liability, related expenses, net position, and related disclosures.

The amounts by which these departures would affect assets, liabilities, net position and expenses of the governmental activities, business-type activities and food service enterprise fund has not been determined.

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.

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

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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.

Auditors' 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 auditors' 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, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* 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, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, 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.

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2025. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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.

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 6, 2026

Anthony Branco

Anthony Branco, CPA
Licensed Public School Accountant No. 2515

Required Supplementary Information – Part I

Management's Discussion and Analysis

Montclair Township School District
Montclair, New Jersey

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

This section of Montclair Township School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. 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.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Certain comparative information between the current year (2024-2025) and the prior year (2023-2024) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- The General Fund fund balance on a GAAP basis at June 30, 2025 was a deficit of \$(12,172,635), representing a decrease of \$21,201,373 from the July 1, 2024 beginning balance. This decrease includes a restatement of \$5,194,990 to the July 1, 2024 opening balance to correct an error related to the understatement of accounts payable in prior years (see Note 24). The remainder of the decrease is primarily attributable to the correction of unrecorded accounts payable related to prior years, as well as current-year expenditures exceeding available resources due to insufficient budget monitoring.
- The General Fund budgetary fund balance at June 30, 2025 was a deficit of \$(11,265,069), representing a decrease of \$21,149,879 from the June 30, 2024 ending budgetary fund balance of \$9,884,810. This decrease includes the same \$5,194,990 restatement to the July 1, 2024 opening balance discussed above (see Note 24). The remainder of the budgetary fund balance decrease is primarily attributable to the prior-year unrecorded accounts payable and current-year over-expenditures.
- The difference between the GAAP basis fund balance and the budgetary fund balance of \$907,566 is attributable to the delayed payment of final 2024–2025 State aid, which was not recognized as revenue under GAAP at year-end.
- The General Fund unassigned budgetary fund balance was a deficit of \$(13,635,908) at June 30, 2025, representing a decrease of \$16,500,218 from the June 30, 2024 balance of \$2,864,310.

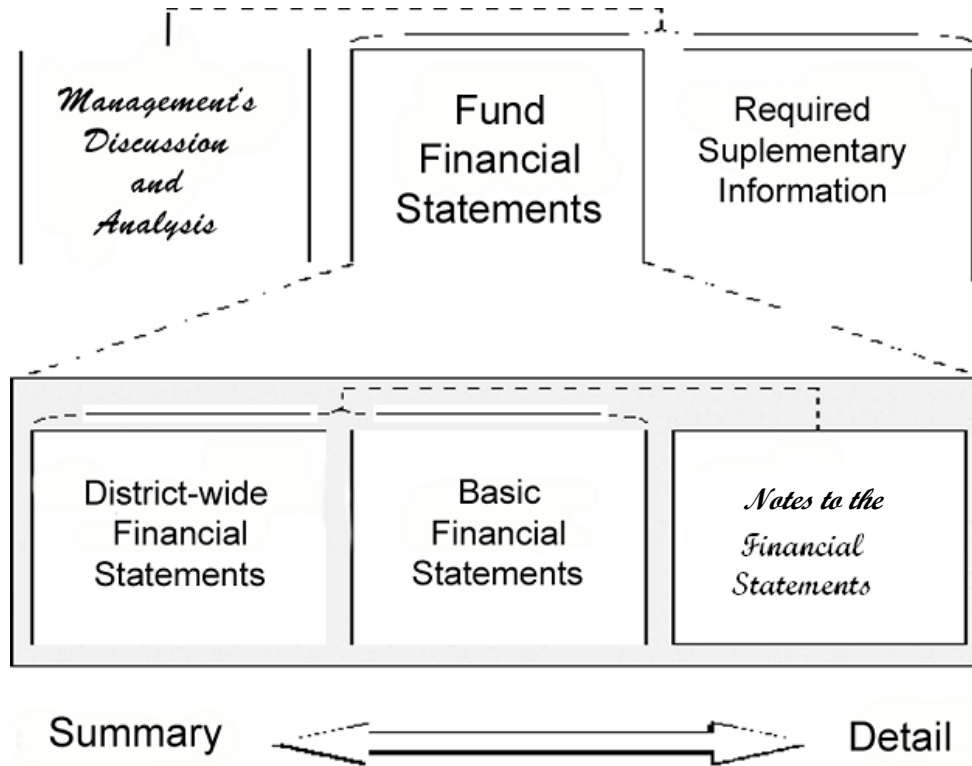
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements including the notes to the financial statements, required supplementary information that includes schedules related to accounting and reporting for pensions and OPEB (GASB 68 and 75) and other supplementary information that includes various financial schedules. The basic financial statements include two kinds of statements that present different views of the Montclair Township School District.

Montclair Township School District
Montclair, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025

Figure A-1. Required Components of the District's Annual Comprehensive Financial Report



- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Montclair Township School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Montclair Township School District, reporting the Montclair Township School District's operation 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 short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the Montclair Township School District operates like businesses.

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

The basic financial statements include the notes that explain some of the information in the statements and provide data that are more detailed. Figure A-2 summarizes the major features of the Montclair Township School District's financial statements, including the portion of the Montclair Township School 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 the structure and contents of each of the statements.

Figure A-2			
	District-wide Statements	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance, food service, and enrichment academy	Activities the District operates similar to private businesses: Food service fund; Summer Program; Provisional Teacher
Required financial statements	Statements of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenues expenditures and changes in fund balances	Statement of revenues, expenses, and changes in fund 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, liabilities, deferred inflows/ outflows of resources, and both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

District-wide Statements

The district-wide statements report information about the Montclair Township School 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 outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues 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 Montclair Township School District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources versus liabilities and deferred inflows of resources – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial 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 shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund, Summer Program and Provisional Teacher Fund 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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

Fund Financial Statements (Continued)

The District has two types of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to 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, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between the governmental fund statements and the district-wide statements.
- *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 business-type statements.

FINANCIAL ANALYSIS OF THE MONTCLAIR TOWNSHIP SCHOOL DISTRICT AS A WHOLE

Net Position. The District's net position for governmental and business type activities were \$30,347,934 and \$51,518,805 on June 30, 2025 and 2024, respectively. (See Table A-1).

**Table A-1
Statement of Net Position
As of June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Assets		
Current and Other Assets	\$ 50,842,532	\$ 82,990,175
Capital Assets	103,073,366	86,292,467
Total Assets	<u>153,915,898</u>	<u>169,282,642</u>
Deferred Outflows of Resources	2,456,532	2,476,946
Total Deferred Outflows of Resources	<u>2,456,532</u>	<u>2,476,946</u>
Liabilities		
Non-Current Liabilities	104,865,501	106,579,578
Other Liabilities	18,275,451	10,983,883
Total Liabilities	<u>123,140,952</u>	<u>117,563,461</u>
Deferred Inflows of Resources	2,883,544	2,677,322
Total Deferred Inflows of Resources	<u>2,883,544</u>	<u>2,677,322</u>
Net Position:		
Net Investment in Capital Assets	70,412,494	68,493,267
Restricted	4,660,512	6,845,975
Unrestricted	(44,725,072)	(23,820,437)
Total Net Position	<u>\$ 30,347,934</u>	<u>\$ 51,518,805</u>

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

**FINANCIAL ANALYSIS OF THE MONTCLAIR TOWNSHIP SCHOOL DISTRICT AS A
WHOLE (Continued)**

Net position decreased \$21,170,871 for the fiscal year ended June 30, 2025, which includes the impact of the prior-period restatement described below as well as current-year operations.

The District's financial position is the product of these factors:

- Beginning net position on July 1, 2024 was restated \$(5,194,990) to correct an error related to the understatement of accounts payable in prior years (see Note 24).
- Program revenues for Governmental Activities were \$34,345,964 for operating grants and contributions.
- Program revenues for business-type activities
 - ✓ Charges for services \$977,706.
 - ✓ Operating grants and contributions \$716,791.
- Combined general revenues for Governmental activities and Business-type activities during the 2024-2025 school year were \$134,969,695.
- Expenditures were \$185,190,740 for Governmental activities and \$2,671,118 for Business-type activities.
- On the Statement of Activities, the combined effect of the prior-period restatement and current-year activity resulted in ending net position of \$30,347,934 at June 30, 2025.

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

**FINANCIAL ANALYSIS OF THE MONTCLAIR TOWNSHIP SCHOOL DISTRICT AS A
WHOLE (Continued)**

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues		
Charges for Services	\$ 1,853,527	\$ 2,171,387
Operating Grants and Contributions	35,062,755	59,482,884
Capital grants and contributions		614,139
General revenues		
Property Taxes	130,568,711	129,208,540
Federal and State Aid	793,180	1,157,874
Other	3,607,804	5,083,322
Total Revenues	<u>171,885,977</u>	<u>197,718,146</u>
Expenses		
Instruction		
Regular	64,645,752	86,178,535
Special Education	19,818,927	22,987,847
Other Instruction	1,788,836	2,094,722
School Sponsored Activities and Athletic Support Services	2,645,241	2,312,175
Support Services		
Tuition	8,886,749	6,621,430
Student and Instruction Related Services	41,453,285	30,962,461
General Administration Services	2,887,726	2,635,957
School Administration Services	7,839,466	8,841,258
Central Services	2,070,514	1,654,972
Administration Information Technology	1,582,315	1,344,241
Plant Operations and Maintenance	14,979,646	12,252,640
Pupil Transportation	13,364,858	8,146,770
Charter Schools	116,581	141,715
Interest on Long-Term Debt	3,110,844	3,287,579
Capital Outlay		166,410
Unallocated Depreciation		2,023,702
Food Service	2,338,215	2,106,608
Summer Program	254,118	306,458
Provisional Teacher	78,785	81,667
Total Expenses	<u>187,861,858</u>	<u>194,147,147</u>
Change in Net Position	(15,975,881)	3,570,999
Net Position, Beginning of Year, As Reported	51,518,805	47,947,806
Restatement, See Note 23	(5,194,990)	
Net Position, Beginning of Year, As Restated	<u>46,323,815</u>	<u>47,947,806</u>
Net Position, End of Year	<u>\$ 30,347,934</u>	<u>\$ 51,518,805</u>

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

**FINANCIAL ANALYSIS OF THE MONTCLAIR TOWNSHIP SCHOOL DISTRICT AS A
WHOLE (Continued)**

Changes in Net Position. The District's total revenues were \$171,885,977 and \$197,718,146 in 2025 and 2024, respectively. Property taxes of \$130,568,711 and \$129,208,540 represented 76% and 65% of revenues for the years ended June 30, 2025 and 2024, respectively. The District's operating grants and contributions combined with state and federal aid of \$35,855,935 and \$60,640,758 represented 21% and 31% of revenues for the years ended June 30, 2025 and 2024, respectively. Charges for services of \$1,853,527 and \$2,171,387 in 2025 and 2024, respectively, represent approximately 1% and 1% of revenues for the years ended June 30, 2025 and 2024, respectively.

The largest source of "Other Revenue" is interest income, with \$3,031,810 and \$4,129,098 earned in the fiscal years ended June 30, 2025 and 2024, respectively.

The District's expenses for governmental activities are predominantly related to instruction and support services. Instruction totaled \$88,898,756 and \$113,573,279 which represented 47% and 59% of total governmental expenditures for the years ended June 30, 2025 and 2024, respectively. Student support services, exclusive of administration, totaled \$41,453,285 and \$30,962,461 (22% and 16%) of total expenditures for the years ended June 30, 2025 and 2024, respectively.

**Table A-3
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2025 and 2024**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Exhibit</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Governmental Activities					
Instruction					
Regular	A-2	\$ 64,645,752	\$ 86,178,535	\$ (57,283,317)	\$ (55,214,428)
Special Education	A-2	19,818,927	22,987,847	(6,936,834)	(4,387,401)
Other Instruction	A-2	1,788,836	2,094,722	(1,623,107)	(1,424,361)
School Sponsored Activities and Athletics	A-2	2,645,241	2,312,175	(2,440,332)	(2,201,155)
Support Services					
Tuition	A-2	8,886,749	6,621,430	(7,999,333)	(5,610,525)
Student and Instruction Related Services	A-2	41,453,285	30,962,461	(32,844,143)	(27,716,396)
General Administration Services	A-2	2,887,726	2,635,957	(2,764,707)	(2,567,086)
School Administration Services	A-2	7,839,466	8,841,258	(7,093,285)	(6,450,217)
Central Services	A-2	2,070,514	1,654,972	(1,882,167)	(1,556,502)
Administration Information Technology	A-2	1,582,315	1,344,241	(1,470,043)	(1,287,861)
Plant Operations and Maintenance	A-2	14,979,646	12,252,640	(13,386,107)	(10,633,063)
Pupil Transportation	A-2	13,364,858	8,146,770	(11,994,035)	(6,842,919)
Charter schools	A-2	116,581	141,715	(116,581)	(141,715)
Interest on Long-Term Debt	A-2	3,110,844	3,287,579	(2,134,964)	(3,287,579)
Capital Outlay	A-2		166,410		(166,410)
Unallocated Depreciation	A-2		2,023,702		(2,023,702)
Total Governmental Activities		\$ 185,190,740	\$ 191,652,414	\$ (149,968,955)	\$ (131,511,320)

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the Montclair Township School District is reflected in its governmental funds as well. The District completed the fiscal years ended June 30, 2025 and 2024 with its governmental funds reporting combined fund balance (GAAP Basis) of \$35,952,857 and \$75,013,241 as of June 30, 2025 and 2024, respectively. The decrease of \$39,060,384 is the net result of current year operations combined with the beginning fund balance restatement.

Revenues and other financing sources for the District's governmental funds were \$195,178,657 and \$191,598,492 for the fiscal years ended June 30, 2025 and 2024, respectively. Total expenditures and other financing uses were \$229,044,051 and \$197,110,505 for the fiscal years ended June 30, 2025 and 2024, respectively.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues and transfers for the fiscal years ended June 30, 2025 and 2024.

**Table A-4
Summary of General Fund Revenues and Transfers
For the Fiscal Years Ended June 30, 2025 and 2024**

General Fund Revenues and Transfers	<u>2025</u>	<u>2024</u>
Local Sources:		
Local Tax Levy	\$ 130,568,711	\$ 128,008,540
Tuition from Individuals		1,536
Transportation Fees From Individuals	3,315	
Interest Income	561,320	40,418
Rents and Royalties	96,720	81,943
Miscellaneous	478,408	867,789
Total Local Sources	<u>131,708,474</u>	<u>129,000,226</u>
Intergovernmental		
State Sources	45,709,425	45,722,747
Federal Sources	58,581	105,828
Total Intergovernmental Sources	<u>45,768,006</u>	<u>45,828,575</u>
Other Financing Sources		
Transfer in - Capital Projects Fund	7,469	63,189
Leases - Non-Budgeted	1,400,653	
Total Other Financing Sources	<u>1,408,122</u>	<u>63,189</u>
Total Revenues and Other Financing Sources	<u>\$ 178,884,602</u>	<u>\$ 174,891,990</u>

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

GENERAL FUND (continued)

Property taxes and state formula aid accounted for 99 percent and 99 percent of total revenues for the 2025 and 2024 fiscal years, respectively. All remaining revenues accounted for 1 percent and 1 percent of total revenues for the 2025 and 2024 fiscal years, respectively.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2024 and 2023.

**Table A-5
Summary of General Fund Expenditures
For the Fiscal Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Current		
Regular Instruction	\$ 43,850,683	\$ 42,287,310
Special Education Instruction	12,345,840	11,281,476
Other Special Instruction	1,240,039	1,155,025
School Sponsored Activities and Athletics	1,958,637	1,831,912
Support Services and Undistributed Costs:		
Tuition	8,886,749	5,610,525
Student and Instruction Related Services	25,113,523	22,883,087
General Administration Services	2,451,331	2,306,239
School Administration Services	5,372,537	5,317,285
Central Services	1,446,117	1,422,950
Administration Information Technology	1,203,644	993,572
Plant Operations and Maintenance	14,047,510	11,415,780
Pupil Transportation	12,968,157	8,102,805
Unallocated employee benefits	60,698,318	58,747,443
Charter Schools	116,581	141,715
Capital Outlay	1,497,109	214,075
Total Expenditures	<u>\$ 193,196,775</u>	<u>\$ 173,711,199</u>

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund. Over the course of both years, the District revised the annual operating budgets several times. These budget amendments were related to:

- ✓ Reserved for Encumbrances— The rollover of prior year amounts assigned for encumbrances increased the District operating budget.

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

GENERAL FUND (continued)

Actual expenditures (exclusive of on-behalf expenditures) and other financing uses were \$161,840,643 and \$140,547,437 for the years ended June 30, 2025 and 2024, respectively. Revenues (exclusive of on-behalf revenues) and other financing sources were \$178,884,602 and \$174,891,990 for the fiscal years ended June 30, 2025 and 2024, respectively.

DEBT ADMINISTRATION

The amount of debt service expenditures were \$4,446,269 and \$2,241,991 for the fiscal years ended June 30, 2025 and 2024, respectively. Revenues include \$32 and \$1,201,264 from the property tax levies and miscellaneous revenue, and \$1,446,408 and \$729,339 coming from state aid for the fiscal years ended June 30, 2025 and 2024, respectively.

BUSINESS-TYPE ENTERPRISE FUNDS

The District's total business-type activities revenues (excluding the general fund contribution) were \$1,695,331 and \$2,130,544 for the years ended June 30, 2025 and 2024, respectively. Charges for services accounted for 58% and 64% of total revenue for the 2025 and 2024 years. Operating grants and contributions of \$716,791 and \$774,295 accounted for 42% and 36% of total revenue, for the fiscal years ended June 30, 2025 and 2024, respectively.

The total cost of all business-type activities programs and services was \$2,671,118 and \$2,494,733 for the fiscal years ended June 30, 2025 and 2024, respectively. The District's expenses are related to food service programs provided to all students and faculty and the operation of the program for the summer program and provisional teachers fund.

Total business-type activities expenses exceeded revenues during the year ended June 30, 2025 decreasing net position by \$975,787 over the prior year before the board contribution of \$749,348.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – Governmental Activities

As of June 30, 2025 and 2024, the District had invested \$148,600,141 and \$129,530,955, respectively, in a broad range of capital assets(See Table A-6). More detailed information about capital assets can be found in Note 4 of the basic financial statements. Total depreciation expense for the fiscal years ended June 30, 2025 and 2024 was \$2,495,684 and \$2,495,684, respectively.

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

**Table A-6
Capital Assets - Governmental Activities
as of June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Land	\$ 5,187,355	\$ 5,187,355
Construction in Progress	31,583,152	14,269,542
Buildings and Building Improvements	99,421,775	99,421,775
Machinery and Equipment	12,407,859	10,652,283
Total	148,600,141	129,530,955
Less: Accumulated Depreciation	45,804,903	43,309,219
Total	<u>\$ 102,795,238</u>	<u>\$ 86,221,736</u>

Capital Assets – Business-type Activities

The District as of June 30, 2025 and 2024 had \$860,135 and \$603,394 invested in building improvements and machinery and equipment for its Food Service Fund. Depreciation was \$49,344 and \$36,507 for the fiscal years ended June 30, 2025 and 2024, respectively.

**Table A-7
Capital Assets - Business-Type Activities
as of June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Machinery and Equipment	\$ 860,135	\$ 603,394
Less: Accumulated Depreciation	582,007	532,663
Total Net	<u>\$ 278,128</u>	<u>\$ 70,731</u>

Long-term Liabilities

The District had \$67,900,000 and \$70,000,000 in general obligation bonds outstanding at June 30, 2025 and 2024, respectively. The bonds were comprised of one issue which was the 2020 school bonds.

In addition, the District had \$8,994,017 and \$8,699,614 in lease liabilities at June 30, 2025 and 2024, respectively. These lease liabilities are discussed in Note 5 to the basic financial statements.

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

The District also had \$3,950,791 and \$3,950,791 at June 30, 2025 and 2024, respectively, as a liability for compensated absences. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave and severance pay upon retirement.

The District had \$20,619,161 and \$22,979,173 at June 30, 2025 and 2024, respectively, in net pension liabilities regarding the Public Employees' Retirement System and Essex County pension.

More detailed information about the District's long-term liabilities is presented in Note 5 to the basic financial statements.

**Table A-8
Long Term Debt Liabilities
as of June 30, 2025 and 2024**

Governmental Activities	<u>2025</u>	<u>2024</u>
Bonds Payable	\$ 67,900,000	\$ 70,000,000
Lease Liabilities	8,994,017	8,699,614
Arbitrage Rebate Payable	950,000	950,000
Incurred but not Reported Claims	2,451,532	
Net Pension Liabilities	20,619,161	22,979,173
Compensated Absences	3,950,791	3,950,791
Total	<u>\$ 104,865,501</u>	<u>\$ 106,579,578</u>

FOR THE FUTURE

The Montclair School District is currently addressing significant financial challenges resulting from structural operating deficits, previously unrecorded liabilities, and historical budget monitoring weaknesses. During the current fiscal year, management identified expenditure levels and outstanding obligations that exceeded prior budget assumptions, contributing to a material deficit position. In addition, preliminary projections indicate a potential operating shortfall in the 2025-2026 fiscal year due to expenditure growth outpacing anticipated revenues.

As an initial step to address these conditions, the Board of Education has scheduled a voter referendum for March 2026 seeking approval for additional tax levy increases, including a one-time increase to address the 2024–2025 deficit and a permanent increase to support ongoing operations beginning in 2025–2026. Approval of these measures is intended to stabilize the District's financial position and restore structural balance.

**Montclair Township School District
Montclair, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2025**

FOR THE FUTURE (Continued)

Management is actively monitoring the District's cash flows and overall financial condition and has implemented enhanced budget oversight procedures. If the proposed referendum is not approved, the District may be required to pursue alternative corrective actions, which could include significant expenditure reductions, programmatic and staffing adjustments, seeking additional state assistance, or other measures necessary to maintain fiscal stability. There can be no assurance that such actions would be sufficient to fully mitigate projected deficits.

The District has committed itself to continue to improve its system of financial planning, budgeting and internal financial controls to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 Business Office, Montclair Township School District, 22 Valley Road, Montclair, New Jersey 07042.

District-wide Financial Statements

The district-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2025.

Montclair Township School District

Statement of Net Position

June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 44,816,360	\$ 517,798	\$ 45,334,158
Accounts receivable	5,393,463	100,755	5,494,218
Internal balances	(449,658)	449,658	
Inventories		14,156	14,156
Capital assets - non-depreciable	36,770,507		36,770,507
Capital assets - depreciable, net	66,024,731	278,128	66,302,859
Total assets	<u>152,555,403</u>	<u>1,360,495</u>	<u>153,915,898</u>
Deferred Outflows of Resources			
Pension deferrals	<u>2,456,532</u>		<u>2,456,532</u>
Liabilities			
Accounts payable	13,166,162	1,008,706	14,174,868
Payable to other governments	1,341,999		1,341,999
Payroll deductions and withholdings payable	467,343		467,343
Unearned revenue	817,090	422,691	1,239,781
Accrued interest payable	1,051,460		1,051,460
Net pension liabilities	20,619,161		20,619,161
Current portion of long-term obligations	6,832,778		6,832,778
Noncurrent portion of long-term obligations	77,413,562		77,413,562
Total liabilities	<u>121,709,555</u>	<u>1,431,397</u>	<u>123,140,952</u>
Deferred Inflows of Resources			
Pension deferrals	<u>2,883,544</u>		<u>2,883,544</u>
Net Position			
Net investment in capital assets	70,134,366	278,128	70,412,494
Restricted for:			
Capital projects	623,568		623,568
Debt service	2,097,492		2,097,492
Capital reserve	988,363		988,363
Maintenance reserve	184,278		184,278
Unemployment reserve	264,077		264,077
Student activities and scholarships	502,734		502,734
Unrestricted (deficit)	<u>(44,376,042)</u>	<u>(349,030)</u>	<u>(44,725,072)</u>
Total net position	<u>\$ 30,418,836</u>	<u>\$ (70,902)</u>	<u>\$ 30,347,934</u>

See accompanying notes to the basic financial statements .

Montclair Township School District

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction:						
Regular	\$ 64,645,752		\$ 7,362,435	\$ (57,283,317)		\$ (57,283,317)
Special education	19,818,927		12,882,093	(6,936,834)		(6,936,834)
Other special instruction	1,788,836		165,729	(1,623,107)		(1,623,107)
School-sponsored activities and athletics	2,645,241		204,909	(2,440,332)		(2,440,332)
Support services:						
Tuition	8,886,749		887,416	(7,999,333)		(7,999,333)
Student and instruction related services	41,453,285	\$ 872,506	7,736,636	(32,844,143)		(32,844,143)
General administration services	2,887,726		123,019	(2,764,707)		(2,764,707)
School administration services	7,839,466		746,181	(7,093,285)		(7,093,285)
Central services	2,070,514		188,347	(1,882,167)		(1,882,167)
Administration information technology	1,582,315		112,272	(1,470,043)		(1,470,043)
Plant operations and maintenance	14,979,646		1,593,539	(13,386,107)		(13,386,107)
Pupil transportation	13,364,858	3,315	1,367,508	(11,994,035)		(11,994,035)
Charter schools	116,581			(116,581)		(116,581)
Interest on long-term debt	3,110,844		975,880	(2,134,964)		(2,134,964)
Total governmental activities	<u>185,190,740</u>	<u>875,821</u>	<u>34,345,964</u>	<u>(149,968,955)</u>		<u>(149,968,955)</u>
Business-type activities						
Food service	2,338,215	708,405	716,791		\$ (913,019)	(913,019)
Summer program	254,118	243,510			(10,608)	(10,608)
Provisional teacher	78,785	25,791			(52,994)	(52,994)
Total business-type activities	<u>2,671,118</u>	<u>977,706</u>	<u>716,791</u>	<u>-</u>	<u>(976,621)</u>	<u>(976,621)</u>
Total primary government	<u>\$ 187,861,858</u>	<u>\$ 1,853,527</u>	<u>\$ 35,062,755</u>	<u>(149,968,955)</u>	<u>(976,621)</u>	<u>(150,945,576)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				130,568,711		130,568,711
State and federal sources - unrestricted				322,652		322,652
State and federal sources - restricted				470,528		470,528
Other revenue				3,606,970	834	3,607,804
Total general revenues				<u>134,968,861</u>	<u>834</u>	<u>134,969,695</u>
Transfers				<u>(749,348)</u>	<u>749,348</u>	
Change in net position				(15,749,442)	(226,439)	(15,975,881)
Net position—beginning of year, as reported				51,363,268	155,537	51,518,805
Restatement of beginning net position, See Note 24				<u>(5,194,990)</u>		<u>(5,194,990)</u>
Net position—beginning of year, as restated				<u>46,168,278</u>	<u>155,537</u>	<u>46,323,815</u>
Net position—end of year				<u>\$ 30,418,836</u>	<u>\$ (70,902)</u>	<u>\$ 30,347,934</u>

See accompanying notes to the basic financial statements .

Fund Financial Statements

Governmental Funds

**Montclair Township School District
Governmental Funds**

Balance Sheet

June 30, 2025

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,760,487	\$ 1,346,999	\$ 40,708,873	\$ 1	\$ 44,816,360
Accounts receivable:					
Federal		730,518			730,518
State	3,629,969				3,629,969
Interfund			7,360,764	3,143,989	10,504,753
Other			1,032,976		1,032,976
Total assets	<u>\$ 6,390,456</u>	<u>\$ 2,077,517</u>	<u>\$ 49,102,613</u>	<u>\$ 3,143,990</u>	<u>\$ 60,714,576</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 10,285,326	\$ 826,615	\$ 68,935		\$ 11,180,876
Intergovernmental payables:					
Local			1,032,976		1,032,976
State		159,876			159,876
Federal		149,147			149,147
Interfunds payable	7,810,422		3,143,989		10,954,411
Unearned revenue		817,090			817,090
Payroll deductions and withholdings payable	467,343				467,343
Total liabilities	<u>18,563,091</u>	<u>1,952,728</u>	<u>4,245,900</u>	<u>-</u>	<u>24,761,719</u>
Fund balances:					
Restricted for:					
Capital reserve	988,363				988,363
Maintenance reserve	184,278				184,278
Unemployment reserve	264,077				264,077
Student activities and scholarships		502,734			502,734
Capital projects			43,906,713		43,906,713
Debt service				\$ 788,746	788,746
Debt service - Designated for subsequent year's expenditures				2,355,244	2,355,244
Assigned to:					
Capital projects			950,000		950,000
Year end encumbrances	69,811				69,811
Designated for Subsequent Year's Expenditures	864,310				864,310
Unassigned (deficit)	(14,543,474)	(377,945)			(14,921,419)
Total fund balances	<u>(12,172,635)</u>	<u>124,789</u>	<u>44,856,713</u>	<u>3,143,990</u>	<u>35,952,857</u>
Total liabilities and fund balances	<u>\$ 6,390,456</u>	<u>\$ 2,077,517</u>	<u>\$ 49,102,613</u>	<u>\$ 3,143,990</u>	
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. The cost of the assets is \$148,600,141 and the accumulated depreciation/amortization is \$45,804,903.					102,795,238
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					(1,051,460)
Long-term liabilities, including bonds payable, leases, incurred but not reported claims payable, arbitrage payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2).					(84,246,340)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.					
			Deferred outflows of resources	\$ 2,456,532	
			Deferred inflows of resources	(2,883,544)	(427,012)
Accrued pension contributions for the June 30, 2025 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.					(1,985,286)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.					(20,619,161)
Net position of governmental activities					<u>\$ 30,418,836</u>

See accompanying notes to the basic financial statements .

Montclair Township School District
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2025

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local tax levy	\$ 130,568,711				\$ 130,568,711
Transportation fees from individuals	3,315				3,315
Interest on investments	561,320		\$ 2,470,490		3,031,810
Rents and royalties	96,720				96,720
Miscellaneous unrestricted	478,408	\$ 968,399		\$ 32	1,446,839
Total revenues—local sources	131,708,474	968,399	2,470,490	32	135,147,395
State sources	45,709,425	4,654,493		1,446,408	51,810,326
Federal sources	58,581	3,346,350			3,404,931
Total revenues	177,476,480	8,969,242	2,470,490	1,446,440	190,362,652
Expenditures:					
Current:					
Regular instruction	43,850,683	1,812,333			45,663,016
Special education instruction	12,345,840	1,760,223			14,106,063
Other special instruction	1,240,039				1,240,039
School sponsored instruction	1,958,637				1,958,637
Support services and undistributed costs:					
Tuition	8,886,749				8,886,749
Student and instruction related services	25,113,523	6,091,674			31,205,197
General administration	2,451,331				2,451,331
School administration	5,372,537				5,372,537
Central services	1,446,117				1,446,117
Administration information technology	1,203,644				1,203,644
Plant operations and maintenance	14,047,510				14,047,510
Pupil transportation	12,968,157				12,968,157
Unallocated employee benefits	60,698,318				60,698,318
Transfer to charter schools	116,581				116,581
Debt Service:					
Principal				2,100,000	2,100,000
Interest				2,346,269	2,346,269
Capital outlay	1,497,109	258,467	17,313,610		19,069,186
Total expenditures	193,196,775	9,922,697	17,313,610	4,446,269	224,879,351
(Deficiency) of revenues (under) expenditures	(15,720,295)	(953,455)	(14,843,120)	(2,999,829)	(34,516,699)
Other financing sources (uses):					
Transfers in	7,469	944,862		2,463,021	3,415,352
Transfers out	(1,694,210)		(2,470,490)		(4,164,700)
Capital leases - non-budgeted	1,400,653				1,400,653
Total other financing sources (uses)	(286,088)	944,862	(2,470,490)	2,463,021	651,305
Net change in fund balances	(16,006,383)	(8,593)	(17,313,610)	(536,808)	(33,865,394)
Fund balances, July 1, - as Previously Reported	9,028,738	133,382	62,170,323	3,680,798	75,013,241
Restatement of beginning fund balance - See Note 24	(5,194,990)				(5,194,990)
Fund balances, July 1, Restated	3,833,748	133,382	62,170,323	3,680,798	69,818,251
Fund balances (deficit), June 30	\$ (12,172,635)	\$ 124,789	\$ 44,856,713	\$ 3,143,990	\$ 35,952,857

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See accompanying notes to the basic financial statements .

**Montclair Township School District
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities**

Year Ended June 30, 2025

Total net change in fund balances - governmental funds (B-2) **\$ (33,865,394)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital additions 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/amortization expense. This is the amount by which capital assets acquisitions exceeded depreciation in the period.

Depreciation/amortization expense	\$ (2,495,684)	
Capital additions	<u>19,069,186</u>	
		16,573,502

Repayment of bonds (long-term debt) principal 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.	2,100,000
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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.	1,106,250
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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 net position.		(1,400,653)
	Financed purchase obligation proceeds	

In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.	29,662
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Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction.	2,158,723
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IBNR (incurred but not reported) claims are not recorded as expenditures in the governmental funds because they are not due and payable with current financial resources at year-end. However, in the statement of activities, liabilities for IBNR claims are recognized on the full accrual basis when the event giving rise to the claim occurs and the amount can be reasonably estimated. The amount by which the actuarially or administratively determined IBNR liability exceeds (or is less than) the expenditures recognized in the governmental funds is reported as a reconciling item.	<u>(2,451,532)</u>
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Change in net position of governmental activities (A-2)	<u><u>\$ (15,749,442)</u></u>
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See accompanying notes to the basic financial statements .

Proprietary Fund

**Montclair Township School District
Proprietary Funds**

Statement of Net Position

June 30, 2025

		Business-Type Activities Major Enterprise Funds		
	Food Service	Summer Program	Provisional Teacher	Totals
Assets				
Current assets:				
Cash and cash equivalents	\$ 61,863	\$ 438,207	\$ 17,728	\$ 517,798
Accounts receivable:				
Federal	86,109			86,109
State	6,191			6,191
Other	8,455			8,455
Interfund receivable	449,658			449,658
Inventories	14,156			14,156
Total current assets	<u>626,432</u>	<u>438,207</u>	<u>17,728</u>	<u>1,082,367</u>
Capital assets:				
Capital assets	860,135			860,135
Accumulated depreciation	(582,007)			(582,007)
Total capital assets	<u>278,128</u>			<u>278,128</u>
Total assets	<u>904,560</u>	<u>438,207</u>	<u>17,728</u>	<u>1,360,495</u>
Liabilities				
Current liabilities:				
Accounts payable	991,023	17,683		1,008,706
Unearned revenue	85,540	337,151		422,691
Total current liabilities	<u>1,076,563</u>	<u>354,834</u>	<u>-</u>	<u>1,431,397</u>
Net position				
Investment in capital assets	278,128			278,128
Unrestricted	(450,131)	83,373	17,728	(349,030)
Total net position	<u>\$ (172,003)</u>	<u>\$ 83,373</u>	<u>\$ 17,728</u>	<u>\$ (70,902)</u>

See accompanying notes to the basic financial statements .

**Montclair Township School District
Proprietary Funds**

**Statement of Revenues, Expenses and
Changes in Net Position**

Year Ended June 30, 2025

	Business-Type Activities Major Enterprise Funds			
	Food Service	Summer Program	Provisional Teacher	Total Enterprise
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 570,386			\$ 570,386
Daily sales non-reimbursable programs	137,032			137,032
Program fees		\$ 243,510		243,510
Mentor Fees			\$ 25,791	25,791
Miscellaneous revenue	987			987
Total operating revenues	<u>708,405</u>	<u>243,510</u>	<u>25,791</u>	<u>977,706</u>
Operating expenses:				
Cost of sales - reimbursable programs	781,991			781,991
Cost of sales - non-reimbursable programs	39,939			39,939
Salaries and employee benefits	1,320,680	218,798	75,335	1,614,813
Purchased professional services		5,890	3,450	9,340
Administrative expenses	23,472			23,472
Insurance	25,005			25,005
Uniforms	7,096			7,096
Supplies and materials	10,500	27,846		38,346
Depreciation	49,344			49,344
Management fee	80,188			80,188
Other		1,584		1,584
Total operating expenses	<u>2,338,215</u>	<u>254,118</u>	<u>78,785</u>	<u>2,671,118</u>
Operating (loss)	<u>(1,629,810)</u>	<u>(10,608)</u>	<u>(52,994)</u>	<u>(1,693,412)</u>
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	21,430			21,430
State school breakfast program	612			612
State NJ EIE - lunch	9,977			9,977
State NJ EIE - breakfast	1,544			1,544
S-EBT administrative cost reimbursements	322			322
Federal sources:				
School breakfast program	33,835			33,835
National school lunch program	421,764			421,764
Healthy Hunger-Free Kids Act	23,238			23,238
Local Food for Schools (LFS) cooperative program	9,180			9,180
Supply chain assistance	102,600			102,600
S-EBT administrative cost reimbursements	322			322
Food donation program	91,967			91,967
Interest income	834			834
Total nonoperating revenues	<u>717,625</u>	<u>-</u>	<u>-</u>	<u>717,625</u>
Loss before transfer	(912,185)	(10,608)	(52,994)	(975,787)
Transfer in - Board contribution	<u>749,348</u>	<u>-</u>	<u>-</u>	<u>749,348</u>
Change in net position	(162,837)	(10,608)	(52,994)	(226,439)
Total net position, beginning	(9,166)	93,981	70,722	155,537
Total net position, end of year	<u>\$ (172,003)</u>	<u>\$ 83,373</u>	<u>\$ 17,728</u>	<u>\$ (70,902)</u>

See accompanying notes to the basic financial statements .

**Montclair Township School District
Proprietary Funds**

Statement of Cash Flows

Year Ended June 30, 2025

	Business-Type Activities Major Enterprise Funds			Total Enterprise
	Food Service	Summer Program	Provisional Teacher	
Cash flows from operating activities				
Receipts from customers	\$ 724,373	\$ 369,399	\$ 25,791	\$ 1,119,563
Payments to employees	(1,320,680)	(218,798)	(75,335)	(1,614,813)
Payments to suppliers	(420,444)	(72,765)	(3,450)	(496,659)
Net cash (used in)/provided by operating activities	(1,016,751)	77,836	(52,994)	(991,909)
Cash flows from non-capital financing activities				
Cash received from state and federal sources	528,324			528,324
Receipt of interfunds	314,357			314,357
Net cash provided by non-capital financing activities	842,681	-	-	842,681
Cash flows from capital and related financing activities				
Acquisition of capital assets	(256,741)			(256,741)
Net cash (used in) capital and related financing activities	(256,741)	-	-	(256,741)
Cash flows from investing activities				
Interest on deposits	834			834
Net cash provided by investing activities	834	-	-	834
Net (decrease)/increase in cash and cash equivalents	(429,977)	77,836	(52,994)	(405,135)
Cash and cash equivalents, beginning of year	491,840	360,371	70,722	922,933
Cash and cash equivalents, end of year	\$ 61,863	\$ 438,207	\$ 17,728	\$ 517,798
Reconciliation of operating loss to net cash (used in)/provided by operating activities				
Operating loss	\$ (1,629,810)	\$ (10,608)	\$ (52,994)	\$ (1,693,412)
Adjustments to reconcile operating loss to net cash (used in)/provided by operating activities:				
Depreciation	49,344			49,344
Commodities expense	91,967			91,967
Change in assets and liabilities:				
Decrease in other accounts receivable	6,545			6,545
Decrease in inventories (non commodities)	7,900			7,900
Increase in unearned revenue (non commodities)	9,423	125,889		135,312
Increase (decrease) in accounts payable	447,880	(37,445)		410,435
Net cash (used in)/provided by operating activities	\$ (1,016,751)	\$ 77,836	\$ (52,994)	\$ (991,909)

Non-cash non-capital financing activities:

The District received \$87,968 of food commodities from the U.S. Department of Agriculture and expended \$91,967 of food commodities for the year ended June 30, 2025.

See accompanying notes to the basic financial statements .

Notes to the Basic Financial Statements

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (the "Board") of Montclair Township School District (the "District") report information on all activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The more significant of the Board's accounting policies are described below.

B. Reporting Entity:

The District is a Type II district located in the County of Essex, State of New Jersey, serving students domiciled in the Township of Montclair. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of nine members elected to staggered three-year terms. The purpose of the District is to educate students in grades PreK-12.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for 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 the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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 Expense by board resolution.

Since the District's unemployment, flexible spending plan, and payroll agency funds do not meet the criteria defined by the GASB Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the flexible spending plan and payroll agency funds which are used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Since the District's student activity funds do not meet the criteria defined by GASB Statement No. 84, the student activities that are used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements (Cont'd)

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. State Aid in the form of the New Jersey Schools Development Authority Grants are also financial resources of this fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

Food Service Fund – The Food Service Enterprise Fund is used to account for the activities of the cafeteria operations of the District. The Food Service Fund is considered a major fund of the District.

Provisional Teacher Fund – The Provisional Teacher Enterprise Fund is used to account for costs and revenues associated with the District's provisional teacher program, including services and activities related to teachers employed under provisional certification arrangements.

Summer Program Fund – The Summer Program Enterprise Fund is used to account for summer instructional and enrichment programs provided to students of the District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied.

The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated. The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and lease obligations incurred to acquire general capital assets are reported as "other financing sources."

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Budgets/Budgetary Control

Annual appropriated budgets are adopted each year for the General, Special Revenue, and Debt Service Funds. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at the line-item level within each fund. Line-item accounts are defined as the lowest (most specific) level of detail established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments require approval by School Board resolution.

Budget amendments during the year ended June 30, 2025 were approved by School Board resolution and were made in accordance with statutory guidelines. The amendments were not deemed significant and were part of the normal course of operations.

The over-expenditure in the General Fund resulting from the inclusion of non-budgeted on-behalf payments made by the State of New Jersey, which are required to be reflected as District expenditures, is offset by corresponding revenues and therefore does not represent a budgetary over-expenditure.

However, several instances of expenditures exceeding appropriations were noted within the General, Special Revenue, and Debt Service Funds that were not offset by related revenues.

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 accounting principles generally accepted in the United States of America, except for the legally mandated recognition of certain state aid payments for budgetary purposes only and the accounting treatment of the Special Revenue Fund.

Encumbrance accounting is utilized as an extension of formal budgetary integration in governmental fund types. Open encumbrances at year-end are carried forward and reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

Except for the Student Activity and Scholarship Funds, the accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis

The grant accounting budgetary basis differs from GAAP in that, under the grant accounting budgetary basis, encumbrances are recognized as expenditures and the related revenues are recognized when encumbered. Under GAAP, encumbrances are not recognized as expenditures. Sufficient supplemental records are maintained to permit the presentation of financial statements on the GAAP basis.

G. 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 assigned

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Encumbrances (Cont'd)

fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year-end. At June 30, 2025, there were no encumbered balances of grant funds.

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.

H. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with maturities of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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 public 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. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Tuition Revenue

Tuition revenues for the fiscal year 2024-2025 were based on contractual per pupil rates established by and between the sending and receiving districts. These rates are not subject to change except through amendatory contracts.

J. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

K. Interfund Receivables/Payables

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.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The system for accumulation of capital assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the Government-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes.

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.

Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment. Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Capital Assets (Cont'd)

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives 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

M. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, as amended. The District was required to implement GASB Statement No. 101, “*Compensated Absences*” in fiscal year 2025, but did not. A liability for compensated absences attributable to services already rendered and not contingent upon 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 policies and collective bargaining agreements. 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 are compensated for unused sick leave in accordance with contractual agreements with the various employee unions.

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

As of June 30, 2025, the District recorded liabilities for vested compensated absences totaling \$3,950,791 in the government-wide financial statements.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District reports one item in this category: pension deferrals. Deferred outflows for pension deferrals represent future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability and changes in the District’s proportionate share of the system-wide Net Pension Liability. Deferred outflows for subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was July 1, 2024.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Deferred Outflows/Inflows of Resources (Cont'd)

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net assets that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting one pension related item in this category; pension deferrals.

O. 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 New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Prior to July, 1981 (the Plan "Closure Date"), certain employees of the District were eligible for enrollment in the Board of Education Employees Pension Fund of Essex County (the "Essex County Plan"). 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 Essex County Plan and the additions/deductions from Plan fiduciary net position have been determined on the same basis as they are reported by Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Other Post-Employment Benefits

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees Plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions). Accordingly, no net OPEB liability is reported on the District's Statement of Net Position. In the Statement of Activities, the District reports an annual OPEB expense and a corresponding revenue, equal to the allocated expense of the District as reported by the State.

Q. Unearned Revenue/Advances from Grantors

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

R. 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.

S. Lease Liabilities

In the district-wide financial statements, leases liabilities 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.

T. Net Position Flow Assumption (Government-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position-restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

U. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

V. Fund Balance Policies

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Fund Balance Policies (Cont'd)

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not meet the criteria to be classified as committed. The Board of Education also assigns fund balance when it appropriates unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

W. Government-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt – In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Capital Assets as a component of net position for the governmental activities and business-type activities.

X. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. The District's Summer Program and Provisional Teacher Proprietary Fund accounts for all revenues and expenditures related to the summer enrichment and provisional teacher programs, which are operated in a manner similar to a private business enterprise.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Y. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Z. Adopted and Recently Issued Accounting Pronouncements

Adopted – The District adopted GASB Statement No. 100, “*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*” during the fiscal year ended June 30, 2025. This Statement establishes accounting and financial reporting requirements for accounting changes and error corrections to enhance the relevance, reliability, and comparability of financial information.

During the fiscal year, the District recorded a beginning balance restatement related to the correction of an error, which was accounted for in accordance with the provisions of GASB Statement No. 100. See Note 24 for additional information.

Adopted - The GASB issued Statement No. 102 “*Certain Risk Disclosures*” in December 2023. This Statement requires governments to disclose certain concentrations and constraints that could affect their ability to acquire resources or control spending. A concentration is defined as a lack of diversity related to a significant inflow or outflow of resources. A constraint is a limitation imposed by an external party or by formal action of the government’s highest level of decision-making authority.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The District adopted this Statement for the year ended June 30, 2025. As a result of its implementation, additional disclosures have been included in Note 21.

Recently Issued Accounting Pronouncement – GASB Statement No. 101, “*Compensated Absences*” is effective for the District for the fiscal year ended June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District has not implemented this Statement as of June 30, 2025. Management is currently evaluating the impact that adoption of this Statement will have on the financial statements.

Recently Issued Accounting Pronouncement - The GASB issued Statement No. 103 “*Financial Reporting Model Improvements*” in April 2024. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Z. Adopted and Recently Issued Accounting Pronouncements (Cont'd)

Recently Issued Accounting Pronouncement - The GASB issued Statement No. 104 "*Disclosure of Certain Capital Assets*" in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, lease liabilities and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$84,246,340 is shown in the table below:

Bonds Payable	\$ 67,900,000
Energy Savings Improvement Program (ESIP) Lease Liability	7,933,395
Other Lease Liabilities	1,060,622
Compensated Absences Payable	3,950,791
Arbitrage Rebate Payable	950,000
Incurred but not Reported Claims	2,451,532
	<u>\$ 84,246,340</u>

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the District deposits and invests its funds pursuant to statutory requirements, its policies and an adopted cash management plan.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey's Governmental Unit Deposit Protection Act, by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

The District had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured-FDIC	\$ 500,000
NJGUDPA (N.J.S.A. 17:9-41)	51,035,666
Uninsured	1,352,601
Total	<u>\$ 52,888,267</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2025, the carrying amount of the District's deposits was \$45,334,158 and the bank balance was \$52,888,267. Of the total bank balance of \$52,888,267, \$500,000 was covered by federal depository insurance, \$51,035,666 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA), and \$1,352,601 held in the District's agency accounts was not covered by GUDPA.

As of June 30, 2025, based upon the insured balances as provided by FDIC and NJGUDPA coverage, \$1,352,601 of the District's bank balance of \$51,035,666 was considered exposed to custodial credit risk. (See Note 1-H relating to statutory mitigations of custodial risk in the event of a bank failure.)

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position governmental activities as reported in the Government-wide statement of net position. One item of that reconciliation that explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance – total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the Government-wide financial statements, which consisted of:

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4. CAPITAL ASSETS (CONT'D)

Total Capital Assets	\$ 148,600,141
Less: Accumulated Depreciation/Amortization	<u>(45,804,903)</u>
Governmental Activities Capital Assets, Net	<u>\$ 102,795,238</u>

The following schedule is a summarization of the government-wide changes in capital assets for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental Activities:			
Capital Assets That Are Not Being Depreciated/Amortized:			
Land	\$ 5,187,355	\$	5,187,355
Construction in Progress	<u>14,269,542</u>	<u>\$ 17,313,610</u>	<u>31,583,152</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>19,456,897</u>	<u>17,313,610</u>	<u>36,770,507</u>
Capital Assets Being Depreciated/Amortized:			
Building and Building Improvements	99,421,775		99,421,775
Machinery and Equipment	<u>10,652,283</u>	<u>1,755,576</u>	<u>12,407,859</u>
Total Capital Assets Being Depreciated/Amortized	<u>110,074,058</u>	<u>1,755,576</u>	<u>111,829,634</u>
Less Accumulated Depreciation/Amortization For:			
Building and Building Improvements	(36,234,892)	(1,965,368)	(38,200,260)
Machinery and Equipment	<u>(7,074,327)</u>	<u>(530,316)</u>	<u>(7,604,643)</u>
Total Accumulated Depreciation/Amortization	<u>(43,309,219)</u>	<u>(2,495,684)</u>	<u>(45,804,903)</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,221,736</u>	<u>\$ 16,573,502</u>	<u>\$ 102,795,238</u>
Business-type Activities			
Machinery and Equipment	\$ 603,394	\$ 256,741	\$ 860,135
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(532,663)</u>	<u>(49,344)</u>	<u>(582,007)</u>
Business-type Activities Capital Assets, Net	<u>\$ 70,731</u>	<u>\$ 207,397</u>	<u>\$ 278,128</u>

The District had active construction projects totaling \$46,731,722 with unexpended balances of \$30,597,457 as of June 30, 2025 and \$16,134,265 in outstanding construction encumbrances as of June 30, 2025.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4. CAPITAL ASSETS (CONT'D)

Depreciation/amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 865,553
Special Education Instruction	267,383
Other Special Instruction	23,505
School-Sponsored Activities and Athletics	37,126
Student & Instruction Related Services	591,501
General Administration Services	46,465
School Administration Services	101,838
Central Services	27,411
Administration Information Technology	22,815
Plant Operations and Maintenance	266,273
Pupil Transportation	245,814
Total Depreciation/Amortization Expense	\$ <u>2,495,684</u>

NOTE 5. LONG-TERM LIABILITIES

During the year ended June 30, 2025, the following changes occurred to long-term liabilities:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 70,000,000		\$ 2,100,000	\$ 67,900,000	\$ 2,990,000
Financed Purchases Payable:					
Energy Savings Improvement Program					
(ESIP) Lease Liability	8,699,614		766,219	7,933,395	649,575
Other Lease Liabilities		\$ 1,400,653	340,031	1,060,622	346,592
Compensated Absences Payable	3,950,791			3,950,791	395,079
Arbitrage Rebate Payable	950,000			950,000	
Incurred but not Reported Claims		2,451,532		2,451,532	2,451,532
Net Pension Liability:					
PERS	21,974,564		2,445,969	19,528,595	
Essex County	1,004,609	85,957		1,090,566	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 106,579,578</u>	<u>\$ 3,938,142</u>	<u>\$ 5,652,219</u>	<u>\$ 104,865,501</u>	<u>\$ 6,832,778</u>

A. Bonds Payable – Bonds are authorized in accordance with State law by voters of the Community through referenda. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are direct borrowing general obligation bonds for which its full faith and credit is pledged and will be liquidated by the Debt Service Fund. Bonds payable at June 30, 2025 consisted of the following issues and amounts:

- a. 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 mature on January 15, 2043.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. LONG-TERM LIABILITIES (CONT'D)

Principal and interest due on bonds outstanding is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,990,000	\$ 2,283,269	\$ 5,273,269
2027	3,075,000	2,193,569	5,268,569
2028	3,170,000	2,101,319	5,271,319
2029	3,265,000	2,006,219	5,271,219
2030	3,365,000	1,908,269	5,273,269
2031-2035	18,510,000	7,963,194	26,473,194
2036-2040	20,925,000	4,848,563	25,773,563
2041-2043	12,600,000	1,008,000	13,608,000
	<u>\$ 67,900,000</u>	<u>\$ 24,312,402</u>	<u>\$ 92,212,402</u>

B. Bonds Authorized but not Issued (ABNI) – As of June 30, 2025, the Board has \$117,730,769 of bonds authorized but not issued.

C. Financed Purchase Payable - The District has entered into various lease agreements for the acquisition of equipment and energy conservation improvements. These leases are recognized in accordance with GASB Statement No. 87, *Leases*. The District recognizes a lease liability and an intangible right-to-use lease asset at the commencement of each lease term.

The current portion of lease liabilities at June 30, 2025 is \$996,167 and the long-term portion is \$7,997,850. Lease liabilities will be liquidated by the General Fund.

The District has no variable payment provisions or residual value guarantees associated with these leases.

Amortization expense related to lease assets has not been calculated by the District through June 30, 2025.

During the year ended June 30, 2025, the District recognized \$794,237 in interest expense related to its lease liabilities.

a. On December 22, 2020, the District entered into a \$10,720,000 lease agreement to finance energy conservation measures under its Energy Savings Improvement Program ("ESIP"). The lease bears interest at 1.501%. Because the interest rate charged by the lessor was readily determinable, the District used the stated rate of 1.501% to measure the lease liability.

The lease requires semiannual payments on December 15 and June 15 and matures on December 15, 2036.

The ESIP lease liability funded the implementation of the District's ESIP, entailing various permitted energy conservation measures under the ESIP Law. This included 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 photovoltaic systems.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. LONG-TERM LIABILITIES (CONT'D)

C. Financed Purchases Payable (cont'd):

The ESIP Law (P.L. 2009, C. 4) allowed the District to enter into the ESIP lease liability without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements (collectively, "ECMs"); provided that the value of the savings will cover the cost of the ECMs. The ESIP law provides, however, that notwithstanding any law to the contrary, the ESIP lease liability 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 lease includes a bargain purchase option of \$1 at the end of the lease term, which the District reasonably expects to exercise.

The ESIP project was completed and placed into service as the project progressed starting in the 2021 fiscal year. The District has recorded a right-to-use lease asset of \$10,720,000 related to the ESIP lease.

At June 30, 2025, the outstanding principal balance of the ESIP lease liability was \$7,933,395. Of this amount, \$649,575 is due within one year and is reported as a current liability, and \$7,283,820 is due in more than one year and is reported as a long-term liability. The lease liability will be liquidated by the General Fund.

- b. On June 21, 2023, the District entered into a \$784,098 lease agreement for copier equipment with a term from June 21, 2023 through June 20, 2028. The agreement did not explicitly state an interest rate implicit in the lease. Accordingly, the District estimated and applied an incremental borrowing rate of 4.38% to measure the lease liability.

The incremental borrowing rate represents the rate the District would have incurred to borrow funds to purchase the underlying asset over a similar term.

During the 2025 fiscal year, the District recorded a right-to-use lease asset of \$640,413 related to the copier lease.

At June 30, 2025, the outstanding principal balance of the copier lease liability was \$490,442. Of this amount, \$156,532 is due within one year and is reported as a current liability, and \$333,910 is due in more than one year and is reported as a long-term liability. The lease liability will be liquidated by the General Fund.

- c. On July 15, 2024, the District entered into a \$760,240 lease agreement for computer equipment with a term from July 15, 2024 through July 15, 2027. The lease provides for a promotional interest rate of 0.00% throughout the life of the lease, as explicitly stated in the agreement. Because the interest rate charged by the lessor was readily determinable, the District used the stated rate of 0.00% to measure the lease liability.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. LONG-TERM LIABILITIES (CONT'D)

C. Financed Purchases Payable (cont'd):

Because the lease provides for a 0.00% stated interest rate, the present value of lease payments equals the total contractual payments.

At lease commencement, the District recorded a right-to-use lease asset of \$760,240 related to the computer lease.

At June 30, 2025, the outstanding principal balance of the Apple lease liability was \$570,180. Of this amount, \$190,060 is due within one year and is reported as a current liability, and \$380,120 is due in more than one year and is reported as a long-term liability. The lease liability will be liquidated by the General Fund.

The following is a schedule of the future minimum lease payments under these lease agreements at June 30, 2025:

Year Ending June 30,	ESIP		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 649,575	\$ 116,643	\$ 766,218
2027	674,208	106,800	781,008
2028	583,669	97,020	680,689
2029	607,993	88,168	696,161
2030	633,037	78,948	711,985
2031-2035	3,567,399	242,790	3,810,189
2036-2037	1,217,514	18,412	1,235,926
	<u>\$ 7,933,395</u>	<u>\$ 748,780</u>	<u>\$ 8,682,175</u>

Year Ending June 30,	Other Lease Liabilities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 346,592	\$ 21,457	\$ 368,049
2027	353,441	14,609	368,050
2028	360,589	7,461	368,050
	<u>\$ 1,060,622</u>	<u>\$ 43,527</u>	<u>\$ 1,104,149</u>

Year Ending June 30,	Total Financed Purchases Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 996,167	\$ 138,100	\$ 1,134,267
2027	1,027,649	121,409	1,149,058
2028	944,258	104,481	1,048,739
2029	607,993	88,168	696,161
2030	633,037	78,948	711,985
2031-2035	3,567,399	242,790	3,810,189
2036-2037	1,217,514	18,412	1,235,926
	<u>\$ 8,994,017</u>	<u>\$ 792,307</u>	<u>\$ 9,786,324</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. LONG-TERM LIABILITIES (CONT'D)

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. The current portion of the compensated absences balance is \$395,079, and the total compensated absences liability of \$3,950,791 in the governmental activities includes a long-term portion of \$3,555,712. 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, 2025, no liability existed for compensated absences in the Enterprise Funds.

E. Arbitrage Rebate Liability:

The District is subject to liability for arbitrage rebate to the federal government relative to its \$70,000,000 Bonds dated February 1, 2023. The District has estimated its long-term portion for arbitrage rebate liability to be \$950,000. The arbitrage rebate liability will be liquidated through the Debt Service Fund.

F. Incurred but not Reported Claims Liability:

The District is self-insured for employee health benefits (medical, prescription and dental). The District accounts for its self-insurance activity in the government-wide financial statements. Because governmental funds are reported using the modified accrual basis of accounting, expenditures are recognized when claims are paid rather than when incurred. Accordingly, the liability for unpaid claims, including claims incurred but not reported (IBNR), is recorded only in the Statement of Net Position.

The claims liability is based on claims experience, claims outstanding at year end, and estimates of claims incurred but not reported as provided by the third-party administrator and management's analysis. At June 30, 2025, the District has recorded a total claims liability of \$2,451,532, which is reported as a short-term liability in the government-wide financial statements. Management believes this liability is sufficient to meet obligations for unpaid claims and IBNR at year end.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer defined benefit plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer defined benefit plan.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full-time public-school employees in the State. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members' accounts.

Service retirement benefits of 1/55th of final average salary for each year of service credit are available to Tiers 1 and 2 members upon reaching the age of 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 are available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, Tiers 3 and 4 members 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 each month when a member retires prior to the age at which a member can receive full early retirement benefits in accordance with 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.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy, vesting and benefit provisions are set by the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State of New Jersey or any county, municipality, school board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Members are classified into one of five tiers dependent upon the date of their enrollment. Service retirement benefits of 1/55th of final average salary for each year of service credit are available to Tiers 1 and 2 members upon reaching the age of 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 are available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, Tiers 3 and 4 members 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 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 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contribution rates for TPAF and PERS are 7.5% of employees' pensionable compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2025, the State of New Jersey contributed \$28,290,008 to the TPAF for on-behalf pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$4,760,334 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2025, 2024 and 2023 were \$1,932,730, \$2,032,557, and \$2,004,407, respectively.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employees' Retirement System (PERS)

At June 30, 2025, the District reported a liability of \$19,528,595 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2023, which was rolled forward to June 30, 2024. 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 school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.1437189373 percent, which was a decrease of 0.0079932696 from its proportion measured as of June 30, 2023.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

For the year ended June 30, 2025, the District recognized full accrual pension benefit of \$2,295,627 in the government-wide financial statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 24,261	\$ 222,191
Net difference between projected and actual earnings on pension plan investments		905,488
Changes in proportion		1,703,875
Difference between expected and actual experience	391,194	51,990
District contributions subsequent to the measurement date	1,932,730	
	<u>\$ 2,348,185</u>	<u>\$ 2,883,544</u>

\$1,932,730 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ (1,512,792)
2027	244,159
2028	(724,247)
2029	(461,799)
2030	(13,410)
	<u>\$ (2,468,089)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

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%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Mortality Rates

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 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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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's target asset allocation as of June 30, 2024 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	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Assets	8.00%	10.95%
Real Estate	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 non-employer contributing entity will be based on 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 to determine the total pension liability.

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 net pension liability as of June 30, 2024, calculated using the discount rate as disclosed above 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 25,948,701	\$ 19,528,595	\$ 14,065,120

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,079,580,780
Deferred inflows of resources	1,611,322,898
Net pension liability	13,702,423,985
District's proportion	0.1437189373%

Collective pension expense for the Local Group for the measurement period ended June 30, 2024 is \$372,160,096.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020 and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years, respectively.

Special Funding Situation

A special funding situation exists for certain local participating employers in the PERS. The State of New Jersey, a non-employer contributing entity, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of \$114.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. 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, 2024, there was no net pension liability associated with this special funding situation 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 pension expense of \$53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense and related revenue pertaining to the special funding situation is \$62,960.

Teachers Pensions and Annuity Fund (TPAF) – 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 non-employer 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 non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2024 was \$258,253,442. The District's proportionate share was \$0. For fiscal year 2024, the State's pension contribution was more than the actuarially determined amount.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2024, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5225146887 percent, which was a decrease of 0.0231573105 from its proportion measured as of June 30, 2023. For the year ended June 30, 2025, the District recognized on-behalf pension (benefit) and revenue in the government-wide financial statements of (\$942,069) for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 5.65%
	based on years of service

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Mortality Rates

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 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.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. PENSION PLANS (CONT'D)

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, 2024 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	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Assets	8.00%	10.95%
Real Estate	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 plan's fiduciary net position was projected to be available to make 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 determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above 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:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
State's proportionate share of the net pension liability associated with the District	\$ 306,970,776	\$ 258,253,442	\$ 217,224,237

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,176,934,477
Deferred inflows of resources	10,530,833,639
Net pension liability	49,425,106,602
 District's proportion	 0.5225146887%

Collective pension benefit of the Local Group for the plan for the measurement period ended June 30, 2024 is \$148,167,647.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 is 7.84, 7.93, 7.83, 7.93, 8.04, 8.29, 8.29 and 8.23 years, respectively.

The Board of Education Employees' Pension Fund Of Essex County

The Board of Education Employees' Pension Fund of Essex County (BOEPPFEC) is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Plan is privately administered. The more significant aspects of the BOEPPFEC Plan are as follows:

Plan Membership and Contributing Employers - The Plan has been closed to new members since 1981. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2025:

Inactive plan members or beneficiaries currently receiving benefits	351
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>4</u>
 Total	 <u><u>355</u></u>

Contributing Employers – 18

For the year ended June 30, 2025 the District's total payroll for all employees was \$78,639,635. Total BOEPPFEC covered payroll was \$0. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

The District's cash basis contributions to the Plan for the years ended June 30, 2025 and 2024 were \$34,706 and \$58,185, respectively. District contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

Pension Liabilities and Related Pension Expense – At June 30, 2025, the District reported a liability of \$1,090,566 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by a calculation prepared by the Plan actuary as of that date. 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 entities, actuarially determined. At June 30, 2025, the District's proportionate share of the Fund's Net Pension Liability was \$1,090,566, and its proportion was 2.9551307%, which was an increase of 0.0617423% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025 the District recognized full accrual pension expense of \$136,904 in the government-wide financial statements. At June 30, 2025, the District reported deferred outflows of resources related to the BOEPPFEC from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 55,791	
District contributions subsequent to the measurement date	52,556	
	<u>\$ 108,347</u>	<u>\$ -</u>

\$52,556 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 22,419
2027	58,593
2028	(6,296)
2029	(12,286)
2030	(6,639)
	<u>\$ 55,791</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

Actuarial Assumptions - The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increase	3.00%
Cost-of-living adjustments	2.00%
Net investment rate of return	5.00%, net of fund investment expense, including inflation

Mortality Rates – Mortality rates were based on 110.00% of the 2010 Public Sector General Amount-weighted Mortality Tables with generational projection with Scale MP-2018. For disabled retirees, mortality rates are based on 110.00% of the 2010 Public Sector Non-Safety Amount-weighted Mortality Table with generational projection with Scale MP-2018.

Long-Term Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption 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. Domestic Equity	20.00%	6.50%
U.S. Fixed Income	80.00%	2.30%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. 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 periods of projected benefit payments to determine the total pension liability.

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 net pension liability as of June 30, 2025 calculated using the discount rate as disclosed above 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. PENSION PLANS (CONT'D)

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 1,349,698	\$ 1,090,566	\$ 863,910

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the Board of Education Employees' Pension Fund of Essex County.

Additional Information – Collective balances at June 30, 2025 are as follows:

Plan fiduciary net position for retirement benefits	\$ 75,521,130
District's net pension liability	\$ 29,515,008
Plan fiduciary net position as a percentage of the total net pension liability	67.17%
District's proportion	2.9551307%

Aggregate Pension Information – Total net pension liability, deferred outflows of resources, and deferred inflows of resources, as presented on the statement of net position is comprised as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension (Benefit) Expense
PERS	\$ 19,528,595	\$ 2,348,185	\$ 2,883,544	\$ (2,295,627)
BOEPPFEC	1,090,566	108,347		136,904
Total	<u>\$ 20,619,161</u>	<u>\$ 2,456,532</u>	<u>\$ 2,883,544</u>	<u>\$ (2,158,723)</u>

Defined Contribution Retirement Plan

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONT'D)

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2025, the Board's total payroll for all employees was \$78,639,635. Total DCRP covered payroll was \$6,143,956. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2025 was \$184,434 and \$337,916, respectively.

NOTE 7. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefits Local Education Retired Employees Plan

The State Health Benefits 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 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.

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. Accordingly, 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 or more years 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) and the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post 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 or more years 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.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7. POST-RETIREMENT BENEFITS (CONT'D)

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits was \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financialreports.shtml>.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2024</u>
Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u>372,741</u>

Actuarial assumptions and other inputs

The total non-employer OPEB liability of \$59,650,630,530 as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 and included in the June 30, 2024 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Salary Increases	2.75% to 5.65% based on years of service	2.75% to 6.55% based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement 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 "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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7. POST-RETIREMENT BENEFITS (CONT'D)

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the Division. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Changes in Total OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2024:

Balance at June 30, 2023	\$ 233,003,753
Increased by:	
Service cost	9,081,331
Interest cost	8,691,081
Changes of assumptions	19,752,589
Member contributions	<u>227,275</u>
	270,756,029
Decreased by:	
Differences between expected and actual experience	93,407
Benefit payments	<u>6,637,519</u>
	6,730,926
Balance at June 30, 2024	<u><u>\$ 264,025,103</u></u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7. POST-RETIREMENT BENEFITS (CONT'D)

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>At Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Net OPEB liability (allocable to the District and the responsibility of the State)	\$ 309,229,941	\$ 264,025,103	\$ 227,671,030

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability (allocable to the District and the responsibility of the State)	\$ 219,934,833	\$ 264,025,103	\$ 321,455,589

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

For the year ended June 30, 2024, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,656,003 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 18,640,445,786
Deferred inflows of resources	\$ 25,058,850,175
Collective OPEB expense	\$ 1,999,742,665

District's Proportion	0.44%
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Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8. DEFERRED COMPENSATION

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by third parties who are authorized by the Board and selected by each participant individually, permits 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.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - 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. During the year ended June 30, 2025, the District was a member of the New Jersey Schools Insurance Group (the "Group"). The Group provides workers' compensation, property, liability, errors and omissions, and crime coverages to its members through self-insured risk pooling and reinsurance policy coverage to reduce exposure to large losses. Additional information relating to the Group is available from its Executive Director at 6000 Midlantic Drive, Mount Laurel, NJ 08054 or at the Group's webpage www.njsig.org.

Employee Health Benefit/Prescription/Dental - The District operates a self-insurance program for health, prescription, and dental coverages 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. For the year ended June 30, 2025, the Board incurred costs totaling \$21,692,651 for health, prescription, and dental benefits for all employees. In addition, the District has provided for incurred but not reported "IBNR" as calculated in the amount of \$2,451,532.

NOTE 10. 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.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND LOANS

The interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 7,810,422
Capital Projects Fund	\$ 7,360,764	3,143,989
Debt Service Fund	3,143,989	
Food Service Fund	449,658	
Total	<u>\$ 10,954,411</u>	<u>\$ 10,954,411</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND LOANS (CONT'D)

The interfund balance between the General Fund and the Food Service Fund represents the net amount due to the Food Service Fund as of June 30, 2025. This balance consists of (1) General Fund contributions provided to subsidize Food Service Fund operations, offset by (2) operating expenditures paid by the General Fund on behalf of the Food Service Fund that are expected to be reimbursed. Accordingly, the interfund receivable/payable balance does not equal the General Fund contribution expenditure reported in the General Fund, as it reflects the net of these transactions outstanding at year-end.

The interfund balance between the Capital Projects Fund and the General Fund represents short-term advances made to alleviate temporary cash flow shortages in the General Fund as of June 30, 2025.

The interfund balance between the Capital Projects Fund and the Debt Service Fund represents interest earnings in the bond referendum account that were due to the Debt Service Fund for bond payment purposes but had not yet been remitted as of year-end.

All interfunds receivables and payables are expected to be liquidated within one year.

NOTE 12. TRANSFERS

The following presents a reconciliation of transfers during the 2025 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 7,469	\$ 1,694,210
Special Revenue Fund	944,862	
Capital Projects Fund		2,470,490
Debt Service Fund	2,463,021	
Food Service Fund	749,348	
	<u>\$ 4,164,700</u>	<u>\$ 4,164,700</u>

During the fiscal year ended June 30, 2025, a transfer of \$2,470,490 was made from the Capital Projects Fund to the General Fund and the Debt Service Fund to remit interest earnings.

The \$944,862 transfer from the General Fund to the Special Revenue Fund represents a General Fund contribution to support the preschool education program.

The \$749,348 transfer from the General Fund to the Food Service Fund represents a General Fund contribution to subsidize Food Service operations and assist in reducing the operating deficit.

NOTE 13. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$(12,172,635) General Fund balance at June 30, 2025, \$934,121 is assigned for other purposes; \$184,278 has been restricted for the Maintenance Reserve Account; \$988,363 has been restricted in the Capital Reserve Account; \$264,077 for Unemployment Compensation and \$(14,543,474) is unassigned.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13. FUND BALANCE APPROPRIATED (CONT'D)

Special Revenue Fund (Exhibit B-1) – Of the \$124,789 Special Revenue Fund balance at June 30, 2025, \$502,734 is restricted for student activities and \$(377,945) is unassigned.

Capital Projects Fund (Exhibit B-1) – Of the \$44,856,713 Capital Projects Fund balance at June 30, 2025, \$43,906,713 is restricted for capital projects and \$950,000 is assigned fund balance related to the arbitrage rebate liability.

Debt Service Fund (Exhibit B-1) – Of the \$3,143,990 fund balance in the Debt Service Fund at June 30, 2025, the entire amount is restricted for debt service, of which \$2,355,244 has been appropriated for subsequent year's expenditures.

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District did not generate excess surplus in the June 30, 2025 fiscal year.

NOTE 15. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1.00 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes.

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 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 projects in its approved LRFP.

There was no activity in the capital reserve account for the year ended June 30, 2025. The balance in the capital reserve account is \$988,363.

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 18, 2012, in the amount of \$500,000 for the accumulation of funds for required maintenance of school facilities in accordance with N.J.S.A. 18A:7G-9, as amended.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16. MAINTENANCE RESERVE ACCOUNT (CONT'D)

There was no activity in the maintenance reserve account for the year ended June 30, 2025. The balance in the maintenance reserve account at June 30, 2025 was \$184,278.

NOTE 17. UNEMPLOYMENT RESERVE ACCOUNT

This reserve was established in the general fund. At June 30, 2025, the Unemployment Compensation reserve balance is \$264,077.

NOTE 18. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$70,134,366 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 102,795,238
Bonds payable (used to build or acquire capital assets)	(67,900,000)
Lease liabilities (used to build or acquire capital assets)	(8,994,017)
Unexpended bond proceeds	44,233,145
Total net investment in capital assets	<u>\$ 70,134,366</u>

NOTE 19. 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 reduce the school district's local tax levy 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 billed \$5,916,819 from the annual service charge in lieu of payment taxes in 2025 and taxes in 2025 that otherwise would have been due on these long-term tax exemptions amounted to \$7,590,327, based upon the assessed valuations of the long-term tax exemption properties. A portion of the \$1,167,508 abatement would have been allocated to the District.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 20. CONTINGENT LIABILITIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is involved in several claims and lawsuits incidental to its operation, which are generally defended through the Board's insurance carriers. Certain claims are in their discovery stage and the potential financial exposure to the Board, if any, cannot currently be ascertained.

NOTE 21. DEFICIT FUND BALANCES

At June 30, 2025, the District reported unassigned fund balance deficits of \$14,543,474 in the General Fund and \$377,945 in the Special Revenue Fund, as presented in the governmental fund financial statements (modified accrual basis).

Of the General Fund deficit, \$907,566, along with the entire \$377,945 Special Revenue Fund deficit is related to N.J.S.A. 18A:22-44.2, which 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 these revenues 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 District is not recording the last state aid payments on the GAAP financial statements until the year the State records the payable, it is possible that a positive fund balance could be reported on a mandated budgetary basis while a deficit is reported on a GAAP basis based upon non-recognition of revenue on the GAAP basis for the final state aid payment.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

The remaining General Fund deficit of \$13,635,908 is attributable to prior year expenditures not being appropriately accounted for and inadequate budget planning.

Risk Disclosure – Liquidity and Funding Uncertainty

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, which requires disclosure of risks and uncertainties that could affect the District's financial position or operations.

As of June 30, 2025, the District's General Fund reported an unassigned budgetary fund balance deficit of \$13,635,908 and a modified accrual basis unassigned fund balance of \$14,543,474. The deficit is primarily attributable to prior year costs not being appropriately accounted for and inadequate budget planning.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 21. DEFICIT FUND BALANCES (CONT'D)

The District is significantly dependent on funding from its taxpayers and the State of New Jersey, which historically represent approximately 90% and 8% of General Fund revenues, respectively. At the time these financial statements were issued, the District had not received confirmation regarding the level or timing of future state aid allocations beyond the current fiscal year. Additionally, the District does not have authority to unilaterally increase tax levies or generate additional local revenues without voter approval.

These conditions represent a liquidity and funding risk as defined under GASB Statement No. 102 that create uncertainty regarding the District's ability to fully fund ongoing operations and eliminate the existing fund balance deficit in future fiscal years. Management is monitoring cash flows and financial condition on an ongoing basis and is evaluating potential actions to address the deficit, which may include expenditure reductions, seeking additional state support, or submitting revenue measures to voters. However, there can be no assurance that such actions will be successful or sufficient.

Failure to obtain additional state aid or voter-approved revenues over the near term may require the District to implement significant program reductions, workforce adjustments, or other corrective actions that could materially affect operations.

While management believes the District will continue to operate as a going concern, the outcome of these matters is dependent upon future events and decisions that are not currently within the District's control.

The District's subsequent events footnote should be read in conjunction with this risk disclosure footnote.

NOTE 22. OVER-EXPENDITURES

For the year ended June 30, 2025, expenditures exceeded appropriations on various budgetary accounts in the General, Special Revenue, and Debt Service Funds, as detailed below. In addition, total General Fund expenditures exceeded the total General Fund budget, excluding non-budgeted on-behalf state aid payments, by \$11,509,356.

General Fund	Final Budget	Actual	Unfavorable Variance
Regular Programs - Instruction:			
Kindergarten - Salaries of Teachers	\$ 2,297,606	\$ 2,298,440	\$ 834
Grades 1-5 - Salaries of Teachers	15,437,896	15,790,538	352,642
Grades 6-8 - Salaries of Teachers	9,809,193	10,179,509	370,316
Grades 9-12 - Salaries of Teachers	11,272,065	11,784,654	512,589
Special Education - Instruction:			
Resource Room/Resource Center			
Salaries of Teachers	9,017,871	9,997,096	979,225
Other Special Instruction:			
Vocational Programs - Instruction			
Salaries of Teachers	284,150	309,368	25,218

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 22. OVER-EXPENDITURES (CONT'D)

General Fund	Final Budget	Actual	Unfavorable Variance
School-Sponsored Athletics			
Other Objects	\$ 77,143	\$ 110,763	\$ 33,620
Undistributed Expenditures:			
Instruction			
Tuition to Other LEAs Within the State - Special	274,399	296,920	22,521
Tuition to County Voc. School Dist. - Regular	12,155	47,529	35,374
Tuition to County Voc. School Dist. - Special	75,065	90,928	15,863
Tuition to CSSD & Regional Day Schools	115,644	199,433	83,789
Tuition to Private Schools for the Disabled - Within State	6,654,744	8,008,823	1,354,079
Other Support Services Students - Speech, OT, PT and Related Services			
Salaries	2,721,772	2,803,706	81,934
Other Support Services Students - Extra Services			
Salaries	7,109,009	7,502,105	393,096
Purchased Professional - Educational Services	1,261,801	1,296,508	34,707
Guidance			
Salaries of Other Professional Staff	2,131,958	2,132,156	198
Child Study Teams			
Salaries of Other Professional Staff	3,901,487	4,098,176	196,689
Purchased Prof. - Educational Services	421,173	526,367	105,194
Improvement of Instruction Services			
Salaries of Other Professional Staff	881,058	974,613	93,555
Support Services - General Administration			
Salaries	837,721	879,194	41,473
Communications/Telephone	185,869	185,987	118
Support Services - School Administration			
Salaries of Principals/Assistant Principals	3,101,371	3,248,598	147,227
Salaries of Other Professional Staff	196,492	217,535	21,043
Salaries of Secretarial and Clerical Assistants	1,841,610	1,866,546	24,936
Custodial Services			
Salaries	3,653,189	3,792,058	138,869
Cleaning, Repair and Maintenance Services	1,515,065	1,729,408	214,343
Other Purchased Property Services	294,309	412,751	118,442
Natural Gas	459,000	632,082	173,082
Electricity	860,842	1,238,611	377,769
Security			
Salaries	1,435,297	1,496,021	60,724
Student Transportation Services			
Contracted Services (Special Education Students) - ESCs	6,525,315	8,476,937	1,951,622

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 22. OVER-EXPENDITURES (CONT'D)

General Fund	Final Budget	Actual	Unfavorable Variance
Unallocated Benefits			
Social Security Contributions	\$ 2,231,655	\$ 2,273,766	\$ 42,111
Workmen's Compensation	518,093	633,093	115,000
Health Benefits	20,000,924	21,692,651	1,691,727
Other Employee Benefits	309,983	609,039	299,056
Special Revenue Fund			
Instruction:			
General Supplies	548,641	566,364	17,723
Support Services:			
Salaries of Supervisors of Instruction	157,340	166,090	8,750
Salaries of Program Directors	55,855	73,493	17,638

Expenditures exceeded appropriations in the Debt Service Fund for bond principal by \$2,100,000 due to a budget preparation error in which principal requirements were included within the interest appropriation line item. Total Debt Service Fund expenditures did not exceed total appropriations for the year.

NOTE 23. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from June 30, 2025 through March 6, 2026, the date that the financial statements were available for issuance, for possible disclosure and recognition in the accompanying financial statements.

Subsequent to June 30, 2025, management determined that the District's General Fund had a deficit fund balance of approximately \$11.3 million as of June 30, 2025. In addition, the management estimated that expenditures for the 2025-2026 fiscal year were insufficiently budgeted by approximately \$7.0 million.

As a result of the District's analysis, in October 2025 the District issued over 100 termination notices and proposed widespread staffing cuts. In addition, the District scheduled a special referendum for December 9, 2025, requesting voter approval for an increase in the Township's tax levy. The ballot included two questions intended to address the District's financial condition:

- A one-time tax levy increase to fund obligations incurred prior to June 30, 2025; and
- A permanent tax increase to support ongoing operations and reduce staff cuts.

However, prior to the scheduled referendum date, a citizen filed a lawsuit challenging the ballot language. On December 2, 2025, a Superior Court judge ruled that the referendum had to be canceled, determining that the ballot language was unclear and unlawful.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 23. SUBSEQUENT EVENTS (CONT'D)

The District has revised the ballot questions and rescheduled the special referendum for March 10, 2026.

Additionally, on August 6, 2025, the District issued \$60,000,000 of school bonds related to a referendum passed by the taxpayers of the District on November 8, 2022 to provide for renovations, alterations and improvements to various school buildings and authorized the issuance of bonds in an amount not to exceed \$187,730,769.

NOTE 24. RESTATEMENT OF BEGINNING BALANCES

During the year ended June 30, 2025, the District identified an error in the recording of accounts payable related to services provided by the Essex Regional Educational Services Commission. Certain expenditures incurred in prior fiscal years had not been accrued at year-end in the governmental funds or government-wide financial statements.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the District has corrected this error by restating beginning balances as of July 1, 2024. The correction resulted in an increase in accounts payable and a corresponding decrease in beginning fund balance and net position in the amount of \$5,194,990.

The effect of the restatement on beginning balances is as follows:

Budgetary Basis – General Fund

Description

Beginning Budgetary Fund Balance, July 1, 2024 (as previously reported)	\$ 9,884,810
Prior Period Adjustment – Unrecorded Accounts Payable	<u>(5,194,990)</u>
Beginning Budgetary Fund Balance, July 1, 2024 (as restated)	<u>\$ 4,689,820</u>

Governmental Funds – General Fund

Description

Beginning Fund Balance, July 1, 2024 (as previously reported)	\$ 9,028,738
Prior Period Adjustment – Unrecorded Accounts Payable	<u>(5,194,990)</u>
Beginning Fund Balance, July 1, 2024 (as restated)	<u>\$ 3,833,748</u>

Government-Wide Financial Statements – Governmental Activities

Description

Beginning Net Position, July 1, 2024 (as previously reported)	\$ 51,363,268
Prior Period Adjustment – Unrecorded Accounts Payable	<u>(5,194,990)</u>
Beginning Net Position, July 1, 2024 (as restated)	<u>\$ 46,168,278</u>

The restatement had no effect on previously reported change in fund balance or change in net position for the year ended June 30, 2024, as comparative financial statements are not presented.

Required Supplementary Information – Part II

Schedules Related to Accounting and Reporting for Pensions and
OPEBs (GASB 68 and 75)

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years ***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportion of the Net Pension Liability (Asset)	0.1437189373%	0.1517122069%	0.1547850650%	0.1578967963%	0.1610819237%	0.1648010734%	0.1659772101%	0.1669622573%	0.1825392922%	0.1874481079%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 19,528,595</u>	<u>\$ 21,974,564</u>	<u>\$ 23,359,197</u>	<u>\$ 18,705,243</u>	<u>\$ 26,268,249</u>	<u>\$ 29,694,653</u>	<u>\$ 32,680,085</u>	<u>\$ 38,866,145</u>	<u>\$ 54,062,903</u>	<u>\$ 42,078,344</u>
District's Covered Payroll	<u>\$ 11,347,692</u>	<u>\$ 11,285,199</u>	<u>\$ 11,290,895</u>	<u>\$ 11,410,819</u>	<u>\$ 11,540,242</u>	<u>\$ 11,542,814</u>	<u>\$ 11,566,050</u>	<u>\$ 11,582,100</u>	<u>\$ 11,630,446</u>	<u>\$ 12,661,086</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	172.09%	194.72%	206.89%	163.93%	227.62%	257.26%	282.55%	335.57%	464.84%	332.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2023 and June 30, 2024.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years
Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 1,932,730	\$ 2,032,557	\$ 2,004,407	\$ 1,849,155	\$ 1,762,157	\$ 1,607,398	\$ 1,710,502	\$ 1,557,423	\$ 1,621,653	\$ 1,611,551
Contributions in Relation to the Contractually Required Contributions	<u>1,932,730</u>	<u>2,032,557</u>	<u>2,004,407</u>	<u>1,849,155</u>	<u>1,762,157</u>	<u>1,607,398</u>	<u>1,710,502</u>	<u>1,557,423</u>	<u>1,621,653</u>	<u>1,611,551</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 11,731,487</u>	<u>\$ 11,347,692</u>	<u>\$ 11,285,199</u>	<u>\$ 11,290,895</u>	<u>\$ 11,410,819</u>	<u>\$ 11,540,242</u>	<u>\$ 11,542,814</u>	<u>\$ 11,566,050</u>	<u>\$ 11,582,100</u>	<u>\$ 11,630,446</u>
Contributions as a Percentage of Covered Payroll	16.47%	17.91%	17.76%	16.38%	15.44%	13.93%	14.82%	13.47%	14.00%	13.86%

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

TEACHERS' PENSION AND ANNUITY FUND
Last Ten Fiscal Years *
Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
State's Proportion of the Net Pension Liability (Asset)	0.5225146887%	0.5456719992%	0.5419487140%	0.5243481699%	0.5448232147%	0.5417765739%	0.5322463961%	0.5412744521%	0.5299747611%	0.5122013557%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>258,253,442</u>	<u>278,470,988</u>	<u>279,615,273</u>	<u>252,081,372</u>	<u>358,759,531</u>	<u>332,493,397</u>	<u>338,603,725</u>	<u>364,946,753</u>	<u>416,911,891</u>	<u>323,733,129</u>
Total	<u>\$ 258,253,442</u>	<u>\$ 278,470,988</u>	<u>\$ 279,615,273</u>	<u>\$ 252,081,372</u>	<u>\$ 358,759,531</u>	<u>\$ 332,493,397</u>	<u>\$ 338,603,725</u>	<u>\$ 364,946,753</u>	<u>\$ 416,911,891</u>	<u>\$ 323,733,129</u>
District's Covered Payroll	<u>\$ 66,908,148</u>	<u>\$ 61,373,705</u>	<u>\$ 61,501,957</u>	<u>\$ 61,800,696</u>	<u>\$ 59,042,411</u>	<u>\$ 57,138,745</u>	<u>\$ 57,804,767</u>	<u>\$ 56,285,168</u>	<u>\$ 54,689,497</u>	<u>\$ 54,991,616</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	385.98%	453.73%	454.64%	407.89%	607.63%	581.91%	585.77%	648.39%	762.33%	588.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2023 and June 30, 2024.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
Last Ten Fiscal Years ***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportion of the Net Pension Liability (Asset)	2.9551307%	2.8933884%	2.8691088%	2.8379323%	2.6085039%	2.6889163%	2.6108486%	2.5850148%	2.4391226%	2.5248930%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,090,566</u>	<u>\$ 1,004,609</u>	<u>\$ 903,393</u>	<u>\$ 893,093</u>	<u>\$ 562,017</u>	<u>\$ 715,652</u>	<u>\$ 871,261</u>	<u>\$ 812,380</u>	<u>\$ 697,105</u>	<u>\$ 913,972</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.17%	70.25%	73.52%	74.53%	83.63%	79.52%	75.78%	77.36%	79.51%	75.39%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

Covered payroll information is not presented since the Board of Education Employees' Pension Fund of Essex County includes only retired employees.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 5.00% as of June 30, 2023 and June 30, 2024.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
Last Ten Fiscal Years
Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 34,706	\$ 58,185	\$ 127,820	\$ 130,832	\$ 121,457	\$ 97,009	\$ 91,680	\$ 101,416	\$ 100,564	\$ 131,301
Contributions in Relation to the Contractually Required Contributions	<u>34,706</u>	<u>58,185</u>	<u>127,820</u>	<u>130,832</u>	<u>121,457</u>	<u>97,009</u>	<u>91,680</u>	<u>101,416</u>	<u>100,564</u>	<u>131,301</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Covered payroll information is not presented since the Board of Education Employees' Pension Fund of Essex County includes only retired employees.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Eight Fiscal Years*

	Year Ended June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost	\$ 10,369,245	\$ 8,618,450	\$ 7,533,102	\$ 7,788,747	\$ 14,002,863	\$ 12,250,978	\$ 9,343,261	\$9,081,331
Interest on the Total OPEB Liability	7,346,466	8,534,408	7,929,403	6,612,864	6,970,954	5,940,680	8,206,107	8,691,081
Differences Between Expected and Actual Experience		(21,290,781)	(29,125,963)	53,580,575	(48,585,817)	3,083,291	(2,996,042)	(93,407)
Changes of Assumptions	(30,174,830)	(22,959,107)	2,738,604	55,104,510	265,116	(60,134,887)	469,639	19,752,589
Gross Benefit Payments	(5,381,316)	(5,349,818)	(5,638,264)	(5,251,804)	(5,491,159)	(5,884,420)	(6,396,794)	(6,637,519)
Changes of Benefit Terms					(286,023)			
Contribution from the Member	198,154	184,898	167,134	159,182	178,213	188,775	210,293	227,275
Net Change in Total OPEB Liability	(17,642,281)	(32,261,950)	(16,395,984)	117,994,074	(32,945,853)	(44,555,583)	8,836,464	31,021,350
Total OPEB Liability - Beginning	249,974,866	232,332,585	200,070,635	183,674,651	301,668,725	268,722,872	224,167,289	233,003,753
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>	<u>\$ 233,003,753</u>	<u>\$ 264,025,103</u>
Covered Payroll	<u>\$ 66,319,943</u>	<u>\$ 67,867,268</u>	<u>\$ 69,370,817</u>	<u>\$ 68,681,159</u>	<u>\$ 70,582,653</u>	<u>\$ 73,211,515</u>	<u>\$ 72,792,852</u>	<u>\$ 78,639,635</u>
District's Proportionate Share of OPEB								
Liability as a Percentage of Covered Payroll:	350%	295%	265%	439%	381%	306%	320%	336%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

Montclair Township School District
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 130,568,711		\$ 130,568,711	\$ 130,568,711	
Tuition from Individuals	30,000		30,000		\$ (30,000)
Transportation Fees from Individuals				3,315	3,315
Rents and Royalties	100,000		100,000	96,720	(3,280)
Interest on Investments				561,320	561,320
Interest Earned on Maintenance Reserve	100		100		(100)
Miscellaneous	746,091		746,091	478,408	(267,683)
Total - Local Sources	131,444,902		131,444,902	131,708,474	263,572
State Sources:					
Categorical Special Education Aid	7,021,827		7,021,827	7,021,827	
Transportation Aid	1,211,898		1,211,898	1,211,898	
Security Aid	761,731		761,731	761,731	
Adjustment Aid	322,539		322,539	322,539	
Extraordinary Aid	3,200,000		3,200,000	3,281,436	81,436
Additional Non-Public Transportation Aid				111,146	111,146
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				21,885,941	21,885,941
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				6,395,090	6,395,090
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				8,977	8,977
TPAF Social Security (Reimbursed - Non-Budgeted)				4,760,334	4,760,334
Total State Sources	12,517,995		12,517,995	45,760,919	33,242,924
Federal Sources:					
FEMA - Hurricane IDA				22,500	22,500
Medical Reimbursement	102,097		102,097	36,081	(66,016)
Total - Federal Sources	102,097		102,097	58,581	(43,516)
Total Revenues	144,064,994		144,064,994	177,527,974	33,462,980
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	2,239,001	\$ 58,605	2,297,606	2,298,440	(834)
Grades 1-5 - Salaries of Teachers	14,752,867	685,029	15,437,896	15,790,538	(352,642)
Grades 6-8 - Salaries of Teachers	9,977,680	(168,487)	9,809,193	10,179,509	(370,316)
Grades 9-12 - Salaries of Teachers	10,899,386	372,679	11,272,065	11,784,654	(512,589)
Regular Programs - Home Instruction					
Salaries of Teachers	150,000	(111,853)	38,147	38,147	
Purchased Professional-Educational Services	65,000	(38,929)	26,071	26,070	1
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	677,179	81,175	758,354	758,353	1
Other Purchased Services	269,700	(34,941)	234,759	234,755	4
General Supplies	2,306,790	29,372	2,336,162	2,336,099	63
Textbooks	434,410	(30,287)	404,123	404,118	5
TOTAL REGULAR PROGRAMS - INSTRUCTION	41,772,013	842,363	42,614,376	43,850,683	(1,236,307)
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities- Mild or Moderate					
Salaries of Teachers	734,262	(80,847)	653,415	653,415	
General Supplies	3,500	(2,763)	737	736	1
Total Learning and/or Language Disabilities- Mild or Moderate	737,762	(83,610)	654,152	654,151	1
Emotional Regulation Impairment					
Salaries of Teachers	332,352	102,162	434,514	434,513	1
General Supplies	3,500	1,602	5,102	5,102	
Total Emotional Regulation Impairment	335,852	103,764	439,616	439,615	1
Multiple Disabilities					
Salaries of Teachers	225,111	(3)	225,108	225,108	
General Supplies	3,500	(500)	3,000	3,000	
Total Multiple Disabilities	228,611	(503)	228,108	228,108	
Resource Room/Resource Center					
Salaries of Teachers	9,013,473	4,398	9,017,871	9,997,096	(979,225)
General Supplies	10,700	(1,909)	8,791	8,790	1
Total Resource Room/Resource Center	9,024,173	2,489	9,026,662	10,005,886	(979,224)
Autism:					
Salaries of Teachers	591,963	(5,316)	586,647	586,647	
General Supplies	5,000	(1,797)	3,203	3,203	
Total Autism	596,963	(7,113)	589,850	589,850	

Montclair Township School District
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time					
Salaries of Teachers	\$ 395,237	\$ (90,696)	\$ 304,541	\$ 304,540	\$ 1
General Supplies	5,000	202	5,202	5,202	
Total Preschool Disabilities - Full-Time	<u>400,237</u>	<u>(90,494)</u>	<u>309,743</u>	<u>309,742</u>	<u>1</u>
Home Instruction					
Salaries of Teachers	100,000	(23,141)	76,859	76,858	1
Purchased Professional-Educational Services	50,000	(8,369)	41,631	41,630	1
Total Home Instruction	<u>150,000</u>	<u>(31,510)</u>	<u>118,490</u>	<u>118,488</u>	<u>2</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>11,473,598</u>	<u>(106,977)</u>	<u>11,366,621</u>	<u>12,345,840</u>	<u>(979,219)</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	505,226	(163,343)	341,883	341,880	3
General Supplies	2,000	(900)	1,100	1,057	43
Total Basic Skills/Remedial - Instruction	<u>507,226</u>	<u>(164,243)</u>	<u>342,983</u>	<u>342,937</u>	<u>46</u>
Bilingual Education - Instruction					
Salaries of Teachers	344,466	23,345	367,811	367,811	
General Supplies	500		500	500	
Total Bilingual Education - Instruction	<u>344,966</u>	<u>23,345</u>	<u>368,311</u>	<u>368,311</u>	
Vocational Programs - Instruction					
Salaries of Teachers	224,366	59,784	284,150	309,368	(25,218)
General Supplies	7,500	1,735	9,235	9,137	98
Total Vocational Programs - Instruction	<u>231,866</u>	<u>61,519</u>	<u>293,385</u>	<u>318,505</u>	<u>(25,120)</u>
School-Spon. Cocurricular Activities - Inst.					
Salaries	319,647	9,082	328,729	328,729	
Total School-Spon. Cocurricular Activities - Inst.	<u>319,647</u>	<u>9,082</u>	<u>328,729</u>	<u>328,729</u>	
School-Spon. Athletics					
Salaries	1,131,303	4,378	1,135,681	1,135,678	3
Purchased Professional-Educational Services		54,401	54,401	54,401	
Purchased Services	117,037	(40,200)	76,837	76,836	1
Travel		1,606	1,606	1,606	
Supplies and Materials	210,670	39,957	250,627	250,624	3
Other Objects	46,420	30,723	77,143	110,763	(33,620)
Total School-Spon. Athletics	<u>1,505,430</u>	<u>90,865</u>	<u>1,596,295</u>	<u>1,629,908</u>	<u>(33,613)</u>
Gifted and Talented					
Salaries	5,000	(5,000)			
Purchased Services	12,500	(4,792)	7,708	7,708	
Supplies and Materials	6,750	(3,812)	2,938	2,933	5
Total Gifted and Talented	<u>24,250</u>	<u>(13,604)</u>	<u>10,646</u>	<u>10,641</u>	<u>5</u>
Before/After School Programs					
Salaries	15,000	1,881	16,881	16,881	
Total Before/After School Programs	<u>15,000</u>	<u>1,881</u>	<u>16,881</u>	<u>16,881</u>	
Summer School - Support Services					
Salaries	35,000	(35,000)			
Total Summer School - Support Services	<u>35,000</u>	<u>(35,000)</u>			
Other Supplemental - At Risk Programs					
Salaries	13,000	78,170	91,170	91,169	1
Other Salaries of Instruction	25,000		25,000	25,000	
Purchased Services	45,000	(37,500)	7,500	7,500	
Supplies and Materials		2,742	2,742	2,742	
Total Other Supplemental - At Risk Programs	<u>83,000</u>	<u>43,412</u>	<u>126,412</u>	<u>126,411</u>	<u>1</u>
Other Supplemental - At Risk Programs - Support Services					
Purchased Services	17,000	7,060	24,060	24,060	
Total Other Supplemental - At Risk Programs - Support Services	<u>17,000</u>	<u>7,060</u>	<u>24,060</u>	<u>24,060</u>	
Community Services Programs/Operations					
Salaries	40,000	(7,707)	32,293	32,293	
Total Community Services Programs/Operations	<u>40,000</u>	<u>(7,707)</u>	<u>32,293</u>	<u>32,293</u>	
Total Instruction	<u>56,368,996</u>	<u>751,996</u>	<u>57,120,992</u>	<u>59,395,199</u>	<u>(2,274,207)</u>

Montclair Township School District
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	\$ 60,000	\$ (4,652)	\$ 55,348	\$ 55,348	
Tuition to Other LEAs Within the State - Special	231,000	43,399	274,399	296,920	\$ (22,521)
Tuition to County Voc. School Dist. - Regular	15,000	(2,845)	12,155	47,529	(35,374)
Tuition to County Voc. School Dist. - Special	65,000	10,065	75,065	90,928	(15,863)
Tuition to CSSD & Regional Day Schools	115,643	1	115,644	199,433	(83,789)
Tuition to Private Schools for the Disabled - Within State	6,413,304	241,440	6,654,744	8,008,823	(1,354,079)
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	240,000	(52,232)	187,768	187,768	
Total Undistributed Expenditures - Instruction	7,139,947	235,176	7,375,123	8,886,749	(1,511,626)
Undistributed Expenditures - Attend. and Social Work					
Salaries	239,422	12,281	251,703	251,702	1
Purchased Services	172,000	(6,608)	165,392	165,391	1
Other Purchased Services	17,000	(1,030)	15,970	15,969	1
Total Undistributed Expenditures - Attend. and Social Work	428,422	4,643	433,065	433,062	3
Undistributed Expenditures- Health Services					
Salaries	1,643,805	(139,954)	1,503,851	1,503,849	2
Purchased Professional and Technical Services	260,000	235,644	495,644	495,644	
Supplies and Materials	75,000	10,010	85,010	85,009	1
Total Undistributed Expenditures - Health Services	1,978,805	105,700	2,084,505	2,084,502	3
Undistributed Expenditures - Other Supp. Serv. Students - Speech, OT, PT and Related Services					
Salaries	2,738,965	(17,193)	2,721,772	2,803,706	(81,934)
Purchased Professional - Educational Services	70,000	2,874	72,874	72,874	
Supplies and Materials	30,000	(5,421)	24,579	24,577	2
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT	2,838,965	(19,740)	2,819,225	2,901,157	(81,932)
Undistributed Expenditures - Other Supp. Serv. Students - Extra Serv.					
Salaries	7,257,244	(148,235)	7,109,009	7,502,105	(393,096)
Purchased Professional - Educational Services	1,182,681	79,120	1,261,801	1,296,508	(34,707)
Supplies and Materials	10,000	(50)	9,950	9,949	1
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	8,449,925	(69,165)	8,380,760	8,808,562	(427,802)
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	2,194,014	(62,056)	2,131,958	2,132,156	(198)
Salaries of Secretarial and Clerical Assistants	75,503	(349)	75,154	75,154	
Other Purchased Prof. and Tech. Services	9,000	61	9,061	9,061	
Supplies and Materials	225,400	(25,837)	199,563	199,562	1
Total Undist. Expend. - Guidance	2,503,917	(88,181)	2,415,736	2,415,933	(197)
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	3,918,646	(17,159)	3,901,487	4,098,176	(196,689)
Salaries of Secretarial and Clerical Assistants	228,612	3,497	232,109	232,109	
Purchased Prof. - Educational Services	400,000	21,173	421,173	526,367	(105,194)
Other Purchased Services	10,000	(1,922)	8,078	8,078	
Supplies and Materials	80,000	(5,219)	74,781	74,780	1
Total Undistributed Expenditures - Child Study Teams	4,637,258	370	4,637,628	4,939,510	(301,882)
Undistributed Expenditures - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	1,816,639	(19,539)	1,797,100	1,797,099	1
Salaries of Other Professional Staff	426,948	454,110	881,058	974,613	(93,555)
Salaries of Secretarial and Clerical Assistants	165,780		165,780	165,780	
Purchased Prof. - Educational Services	1,033,200	(855,634)	177,566	177,565	1
Other Purchased Services	5,000	(1,782)	3,218	3,217	1
Supplies and Materials	49,300	1,919	51,219	51,219	
Total Undistributed Expenditures - Improvement of Inst. Serv.	3,496,867	(420,926)	3,075,941	3,169,493	(93,552)
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	139,856	96,794	236,650	236,650	
Purchased Professional and Technical Services	35,000	(11,898)	23,102	23,101	1
Supplies and Materials	23,050	(3,176)	19,874	19,873	1
Total Undist. Expend. - Edu. Media Serv./Sch. Library	197,906	81,720	279,626	279,624	2
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Other Professional Staff		50	50	50	
Purchased Professional - Educational Services	10,000	70,837	80,837	80,837	
Other Purchased Services	3,500	(3,500)			
Supplies and Materials	2,500	(1,706)	794	793	1
Total Undist. Expend. - Instructional Staff Training Serv.	16,000	65,681	81,681	81,680	1

Montclair Township School District
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 816,196	\$ 21,525	\$ 837,721	\$ 879,194	\$ (41,473)
Legal Services	450,000	174,448	624,448	624,448	
Audit Fees	94,000	67,384	161,384	161,384	
Other Purchased Professional Services	56,000	(10,401)	45,599	45,599	
Communications/Telephone	227,000	(41,131)	185,869	185,987	(118)
Board of Education Other Purchased Services	12,000	(7,243)	4,757	4,757	
Miscellaneous Purchased Services	10,000	264	10,264	10,263	1
General Supplies	42,000	(14,655)	27,345	27,345	
Judgements Against the School District	700,000	(222,615)	477,385	477,385	
Miscellaneous Expenditures	37,000	(2,031)	34,969	34,969	
Total Undist. Expend. - Supp. Serv. - General Admin.	2,444,196	(34,455)	2,409,741	2,451,331	(41,590)
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	3,101,371		3,101,371	3,248,598	(147,227)
Salaries of Other Professional Staff	190,000	6,492	196,492	217,535	(21,043)
Salaries of Secretarial and Clerical Assistants	1,819,291	22,319	1,841,610	1,866,546	(24,936)
Purchased Professional and Technical Services	22,000	7,275	29,275	29,275	
Supplies and Materials	8,200	2,383	10,583	10,583	
Total Undist. Expend. - Support Serv. - School Admin.	5,140,862	38,469	5,179,331	5,372,537	(193,206)
Undist. Expend. - Central Services					
Salaries	1,338,107	7,945	1,346,052	1,346,050	2
Purchased Professional Services		500	500	500	
Travel		14,633	14,633	14,632	1
Miscellaneous Purchased Services	34,960	(34,960)			
Supplies and Materials	85,750	(814)	84,936	84,935	1
Total Undist. Expend. - Central Services	1,458,817	(12,696)	1,446,121	1,446,117	4
Undist. Expend. - Technology Admin.					
Salaries	852,148	(49,781)	802,367	802,366	1
Purchased Technical Services	291,445	(29,096)	262,349	262,348	1
Other Purchased Services	2,800	(985)	1,815	1,814	1
Supplies and Materials	147,300	(10,183)	137,117	137,116	1
Total Undist. Expend. - Technology Admin.	1,293,693	(90,045)	1,203,648	1,203,644	4
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	365,772	(20,024)	345,748	345,747	1
Cleaning, Repair and Maintenance Services	834,000	21,773	855,773	855,769	4
General Supplies	157,600	115,249	272,849	272,844	5
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,357,372	116,998	1,474,370	1,474,360	10
Undist. Expend. - Custodial Services					
Salaries	3,359,637	293,552	3,653,189	3,792,058	(138,869)
Purchased Professional - Technical Services	51,500	(2,516)	48,984	48,984	
Cleaning, Repair and Maintenance Services	1,612,941	(97,876)	1,515,065	1,729,408	(214,343)
Rental of Land & Buildings Other Than Leases	30,000	(4,092)	25,908	25,908	
Lease Purchase Payments - ESIP	858,657	35,268	893,925	893,925	
Other Purchased Property Services	240,000	54,309	294,309	412,751	(118,442)
Insurance	1,465,885	(176,694)	1,289,191	1,289,191	
Travel		1,025	1,025	1,025	
General Supplies	382,638	92,120	474,758	474,754	4
Natural Gas	459,000		459,000	632,082	(173,082)
Electricity	676,260	184,582	860,842	1,238,611	(377,769)
Gasoline	41,616	138,169	179,785	179,784	1
Total Undist. Expend. - Custodial Services	9,178,134	517,847	9,695,981	10,718,481	(1,022,500)
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	152,643		152,643	152,643	
Cleaning, Repair and Maintenance Services	113,250	23,976	137,226	137,225	1
General Supplies	38,625	(22,422)	16,203	16,203	
Total Undist. Expend. - Care and Upkeep of Grounds	304,518	1,554	306,072	306,071	1
Undist. Expend. - Security					
Salaries	1,435,297	-	1,435,297	1,496,021	(60,724)
Purchased Professional and Technical Services	51,000	(8,463)	42,537	42,537	
Travel		72	72	72	
General Supplies	12,500	(2,532)	9,968	9,968	
Total Undist. Expend. - Security	1,498,797	(10,923)	1,487,874	1,548,598	(60,724)

Montclair Township School District
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	\$ 89,153	\$ 12,068	\$ 101,221	\$ 101,221	
Salaries for Pupil Trans. (Between Home & School) - Special Education	89,153		89,153	89,152	\$ 1
Salaries for Pupil Trans. (Other than Between Home & School)	152,917	(3,083)	149,834	149,834	
Management Fees - ESC & CTSA Transportation Programs	442,253	54,344	496,597	496,597	
Other Purchased Professional and Technical Services	6,000	(1,700)	4,300	4,300	
Cleaning, Repair, and Maintenance Services	10,000	15,394	25,394	25,394	
Contracted Services Aid In Lieu of Payment for Non-public School Students	275,000	(403)	274,597	274,597	
Contracted Services (Other than Between Home and School) - Vendors	336,000	44,093	380,093	380,093	
Contracted Services (Regular Students) - ESCs	2,468,400	500,000	2,968,400	2,968,400	
Contracted Services (Special Education Students) - ESCs	6,017,903	507,412	6,525,315	8,476,937	(1,951,622)
General Supplies	2,000	(368)	1,632	1,632	
Total Undist. Expend. - Student Transportation Serv.	9,888,779	1,127,757	11,016,536	12,968,157	(1,951,621)
Unallocated Benefits					
Social Security Contributions	2,300,000	(68,345)	2,231,655	2,273,766	(42,111)
Other Retirement Contributions - PERS	2,120,932	(155,723)	1,965,209	1,965,209	
Other Retirement Contributions - Regular	257,705	25,888	283,593	283,593	
Workmen's Compensation	526,000	(7,907)	518,093	633,093	(115,000)
Health Benefits	19,930,713	70,211	20,000,924	21,692,651	(1,691,727)
Tuition Reimbursement	190,000	626	190,626	190,625	1
Other Employee Benefits	324,200	(14,217)	309,983	609,039	(299,056)
Total Unallocated Benefits	25,649,550	(149,467)	25,500,083	27,647,976	(2,147,893)
On-Behalf Contributions					
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				21,885,941	(21,885,941)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				6,395,090	(6,395,090)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				8,977	(8,977)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,760,334	(4,760,334)
Total On-behalf Contributions				33,050,342	(33,050,342)
TOTAL UNDISTRIBUTED EXPENDITURES	89,902,730	1,400,317	91,303,047	132,187,886	(40,884,839)
Interest earned on maintenance reserve	100	(100)			
TOTAL GENERAL CURRENT EXPENSE	146,271,826	2,152,213	148,424,039	191,583,085	(43,159,046)
CAPITAL OUTLAY					
Equipment					
Regular Programs-Instruction:					
Grades 6-8	8,250	(8,115)	135	135	
Grades 9-12		2,699	2,699	2,699	
Undistributed		2,396	2,396	2,396	
Total Regular Programs - Instruction	8,250	(3,020)	5,230	5,230	
Custodial Services					
Non-Instructional equipment		5,288	5,288	5,288	
Total Custodial Services		5,288	5,288	5,288	
Total Equipment	8,250	2,268	10,518	10,518	
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		1	1		1
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	85,938	1	85,939	85,938	1
Assets Acquired Under Capital Leases (non-budgeted)				1,400,653	(1,400,653)
TOTAL CAPITAL OUTLAY	94,188	2,269	96,457	1,497,109	(1,400,652)
Total Contribution to Charter Schools	159,617	(43,036)	116,581	116,581	
TOTAL EXPENDITURES	146,525,631	2,111,446	148,637,077	193,196,775	(44,559,698)
(Deficiency) of Revenues (Under) Expenditures	(2,460,637)	(2,111,446)	(4,572,083)	(15,668,801)	(11,096,718)
Other Financing Sources/(Uses):					
Transfer In - Capital Projects Fund				7,469	7,469
Transfer Out - Special Revenue Fund - Preschool	(944,862)		(944,862)	(944,862)	
Transfer Out - Food Service Fund		(4,650)	(4,650)	(749,348)	(744,698)
Capital Leases (Non-Budgeted)				1,400,653	1,400,653
Total Other Financing (Uses)	(944,862)	(4,650)	(949,512)	(286,088)	663,424
Change in fund balance	(3,405,499)	(2,116,096)	(5,521,595)	(15,954,889)	(10,433,294)
Fund Balance, July 1 - as Previously Reported	9,884,810		9,884,810	9,884,810	
Correction of Prior Year Expenditure Understatement, See Note 24	(5,194,990)		(5,194,990)	(5,194,990)	
Fund Balance, July 1 - as Restated	4,689,820	-	4,689,820	4,689,820	-
Fund Balance, June 30	\$ 1,284,321	\$ (2,116,096)	\$ (831,775)	\$ (11,265,069)	\$ (10,433,294)

Montclair Township School District
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
Recapitulation of (Deficiency) Excess of Revenues and (Under) Over Expenditures:					
Adjustment for Prior Year Encumbrances		\$ (2,116,096)	\$ (2,116,096)	\$ (2,116,096)	
Budgeted Fund Balance	<u>\$ (3,405,499)</u>		<u>(3,405,499)</u>	<u>(13,838,793)</u>	<u>\$ (10,433,294)</u>
Total	<u>\$ (3,405,499)</u>	<u>\$ (2,116,096)</u>	<u>\$ (5,521,595)</u>	<u>\$ (15,954,889)</u>	<u>\$ (10,433,294)</u>
Recapitulation of Fund Balance:					
Assigned to:					
Designated for subsequent year's expenditures				\$ 864,310	
Year end encumbrances				69,811	
Restricted for:					
Unemployment reserve				264,077	
Maintenance reserve				184,278	
Capital reserve				988,363	
Unassigned fund balance				<u>(13,635,908)</u>	
				<u>(11,265,069)</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Last State Aid Payments Not Recognized on GAAP Basis				<u>(907,566)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ (12,172,635)</u>	

**Montclair Township School District
Special Revenue Fund
Required Supplementary Information**

**Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources	\$ 300,000	\$ (142,943)	\$ 157,057	\$ 963,507	\$ 806,450
State Sources	4,761,110	882,328	5,643,438	4,466,552	(1,176,886)
Federal Sources	2,903,071	2,086,462	4,989,533	2,894,834	(2,094,699)
Total Revenues	<u>7,964,181</u>	<u>2,825,847</u>	<u>10,790,028</u>	<u>8,324,893</u>	<u>(2,465,135)</u>
Expenditures:					
Instruction:					
Salaries of teachers	426,085	1,102,232	1,528,317	1,181,328	346,989
Other salaries for instruction	185,714	270,651	456,365	438,198	18,167
Purchased professional and technical services	65,384	1,971	67,355	52,710	14,645
Purchased professional-educational services	142,956	7,898	150,854	39,560	111,294
Other purchased services - tuition	1,273,280	377,975	1,651,255	887,416	763,839
General supplies	25,000	523,641	548,641	566,364	(17,723)
Textbooks	90,018	32,713	122,731	63,089	59,642
Other objects	2,082	2,480	4,562		4,562
Total instruction	<u>2,210,519</u>	<u>2,319,561</u>	<u>4,530,080</u>	<u>3,228,665</u>	<u>1,301,415</u>
Support services:					
Salaries of supervisors of instruction	157,340		157,340	166,090	(8,750)
Salaries of program directors		55,855	55,855	73,493	(17,638)
Salaries of master teachers	142,640	(7,898)	134,742		134,742
Other salaries	122,880	(92,160)	30,720		30,720
Salaries of community parent involvement specialists	64,100		64,100	61,500	2,600
Personal services - salaries	189,175	93,189	282,364	239,216	43,148
Personnel services-employee benefits	109,146	397,969	507,115	250,171	256,944
Purchased professional and technical services	827,509	(128,669)	698,840	204,422	494,418
Purchased professional - educational services	398,941	131,669	530,610	338,222	192,388
Purchased educational services - contracted Pre-K	3,229,560		3,229,560	3,226,547	3,013
Purchased educational services - Head Start	297,450		297,450	270,799	26,651
Other purchased professional services	20,000	9,560	29,560		29,560
Cleaning, repair and maintenance	40,000	(400)	39,600	34,042	5,558
Other purchased services	119,810	48,587	168,397	68,653	99,744
Contracted services (other than between home and school)	35,900	78,000	113,900	102,083	11,817
Travel	37,755	(18,494)	19,261	1,943	17,318
Supplies and materials	391,331	84,140	475,471	5,454	470,017
Other objects	2,500		2,500	1,570	930
Student activities	300,000	(283,290)	16,710	715,273	(698,563)
Total support services	<u>6,486,037</u>	<u>368,058</u>	<u>6,854,095</u>	<u>5,759,478</u>	<u>1,094,617</u>
Facilities acquisition and construction services:					
Instructional equipment	193,450	8,240	201,690	105,342	96,348
Construction services	19,037	129,988	149,025	19,037	129,988
Total facilities acquisition and construction services	<u>212,487</u>	<u>138,228</u>	<u>350,715</u>	<u>124,379</u>	<u>226,336</u>
Total expenditures	<u>8,909,043</u>	<u>2,825,847</u>	<u>11,734,890</u>	<u>9,112,522</u>	<u>2,622,368</u>
Excess (deficiency) of revenues over (under) expenditures	(944,862)	-	(944,862)	(787,629)	157,233
Other financing sources (uses):					
General Fund Contribution to Preschool Education	944,862		944,862	944,862	
Total other financing sources (uses)	<u>944,862</u>	<u>-</u>	<u>944,862</u>	<u>944,862</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	-	157,233	157,233
Fund Balance, July 1	<u>345,501</u>		<u>345,501</u>	<u>345,501</u>	
Fund Balance, June 30	<u>\$ 345,501</u>	<u>\$ -</u>	<u>\$ 345,501</u>	<u>\$ 502,734</u>	<u>\$ 157,233</u>
Recapitulation:					
Restricted:					
Student Activities and Scholarships				\$ 502,734	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two state aid payments not recognized on GAAP basis				(377,945)	
Fund Balance per Governmental Funds (GAAP) (B-1)				<u>\$ 124,789</u>	

Montclair Township School District
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2025

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	[C-1, C-2]	\$ 177,527,974	\$ 8,324,893
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year, net of cancellations			810,175
Local contribution - transfer to grants and entitlements			
Preschool Education Aid			(944,862)
The last State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(907,566)	(377,945)
The prior year's last State aid payment are recognized for GAAP statements, not recognized for budgetary purposes.		856,072	212,119
Transfers from other funds are presented as inflows of resources but are not revenues for financial reporting purposes.			944,862
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 177,476,480	\$ 8,969,242
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1, C-2]	\$ 193,196,775	\$ 9,112,522
Differences - budget to GAAP:			
Encumbrances (net) 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			
Prior Year			810,175
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 193,196,775	\$ 9,922,697

Other Supplementary Information

Special Revenue Fund

Montclair Township School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2025

	TOTAL BROUGHT FORWARD (PAGE 2)	TITLE I PART A	TITLE I SIA	TITLE II PART A	TITLE III	TITLE III IMMIGRANT	TOTALS
REVENUES:							
State Sources	\$ 4,466,552						\$ 4,466,552
Federal Sources	2,097,678	\$ 582,999	\$ 3,695	\$ 171,973	\$ 33,654	\$ 4,835	2,894,834
Local Sources	963,507						963,507
Total Revenues	7,527,737	582,999	3,695	171,973	33,654	4,835	8,324,893
EXPENDITURES:							
Instruction:							
Salaries of Teachers	887,658	265,913		4,532	18,390	4,835	1,181,328
Other Salaries for Instruc.	438,198						438,198
Purch. Prof. & Tech. Services	3,855	48,855					52,710
Purch. Prof. - Educ. Services	39,560						39,560
Tuition to Private Schools for Disabled within State	887,416						887,416
General Supplies	562,481	2,694	1,189				566,364
Textbooks	63,089						63,089
Total Instruction	2,882,257	317,462	1,189	4,532	18,390	4,835	3,228,665
Support Services:							
Salaries of Supervisors of Instruction	166,090						166,090
Salaries of Program Directors	73,493						73,493
Salaries of Community Parent Involvement Spec.	61,500						61,500
Personal Services - Salaries	102,078	116,309		5,565	15,264		239,216
Personal Services - Empl. Benefits	196,982	50,683	2,506				250,171
Purch. Prof. & Tech Services	61,357			143,065			204,422
Purch. Prof. - Educ. Services	322,016	8,960		7,246			338,222
Purchased Education Services - Contracted Pre-K	3,226,547						3,226,547
Purch. Prof. - Educ. Services - Head Start	270,799						270,799
Other Purch. Prof. Services	57,088			11,565			68,653
Contracted Services - Trans. (Other Than Between Home and School)	12,498	89,585					102,083
Cleaning, Repair and Maintenance Services	34,042						34,042
Travel	1,943						1,943
Supplies and Materials	5,454						5,454
Student Activity Disbursement	715,273						715,273
Other Objects	1,570						1,570
Total Support Services	5,308,730	265,537	2,506	167,441	15,264	-	5,759,478
Facilities Acquis. & Const. Serv.:							
Construction Services	19,037						19,037
Instructional Equipment	105,342						105,342
Total Facil. Acquis. & Const. Serv.	124,379	-	-	-	-	-	124,379
Total Expenditures	8,315,366	582,999	3,695	171,973	33,654	4,835	9,112,522
Excess/(Deficiency) of Revenues Over/(under) Expenditures	(787,629)	-	-	-	-	-	(787,629)
Other Financing Sources/(Uses):							
Transfer from Operating Budget - PreK	944,862						944,862
Total Other Financing Sources/(Uses)	944,862	-	-	-	-	-	944,862
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	157,233	-	-	-	-	-	157,233
Net change in fund balance	157,233	-	-	-	-	-	157,233
Fund Balance, July 1	345,501	-	-	-	-	-	345,501
Fund Balance, June 30	\$ 502,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,734

Montclair Township School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2025

	TOTAL BROUGHT FORWARD (PAGE 3)	TITLE IV	I.D.E.A. PART B BASIC	PRESCHOOL	ARP ESSER III	SUMMER LEARNING	BEYOND THE SCHOOL DAY	HOMELESS	HIGH IMPACT TUTORING	TOTAL CARRIED FORWARD
REVENUES:										
State Sources	\$ 4,466,552									\$ 4,466,552
Federal Sources	-	\$ 61,357	\$ 1,773,563	\$ 61,064	\$ 13,923	\$ 39,623	\$ 8,951	\$ 1,584	\$ 137,613	2,097,678
Local Sources	963,507									963,507
Total Revenues	5,430,059	61,357	1,773,563	61,064	13,923	39,623	8,951	1,584	137,613	7,527,737
EXPENDITURES:										
Instruction:										
Salaries of Teachers	382,721		330,281	12,110		36,947	8,951		116,648	887,658
Other Salaries for Instruc.	179,517		209,727	48,954						438,198
Purch. Prof. & Tech. Services	3,855									3,855
Purch. Prof. - Educ. Services	39,560									39,560
Tuition to Private Schools for Disabled within State	-		887,416							887,416
General Supplies	510,879		36,553						15,049	562,481
Textbooks	63,089									63,089
Total Instruction	1,179,621	-	1,463,977	61,064	-	36,947	8,951	-	131,697	2,882,257
Support Services:										
Salaries of Supervisors of Instruction	166,090									166,090
Salaries of Program Directors	73,493									73,493
Salaries of Community Parent Involvement Spec.	61,500									61,500
Personal Services - Salaries	1,113		99,799						1,166	102,078
Personal Services - Empl. Benefits	109,146		85,160			2,676				196,982
Purch. Prof. & Tech Services	-	61,357								61,357
Purch. Prof. - Educ. Services	229,190		92,826							322,016
Purchased Education Services - Contracted Pre-K	3,226,547									3,226,547
Purch. Prof. - Educ. Services - Head Start	270,799									270,799
Other Purch. Prof. Services	22,500		29,838						4,750	57,088
Contracted Services - Trans. (Other Than Between Home and School)	-									-
Cleaning, Repair and Maintenance Services	12,498									12,498
Travel	34,042									34,042
Supplies and Materials	1,080		863							1,943
Student Activity Disbursement	2,770		1,100					1,584		5,454
Other Objects	715,273									715,273
	1,570									1,570
Total Support Services	4,927,611	61,357	309,586	-	-	2,676	-	1,584	5,916	5,308,730
Facilities Acquis. & Const. Serv.:										
Construction Services	19,037									19,037
Instructional Equipment	91,419				13,923					105,342
Total Facil. Acquis. & Const. Serv.	110,456	-	-	-	13,923	-	-	-	-	124,379
Total Expenditures	6,217,688	61,357	1,773,563	61,064	13,923	39,623	8,951	1,584	137,613	8,315,366
Excess/(Deficiency) of Revenues Over/(under Expenditures	(787,629)	-	-	-	-	-	-	-	-	(787,629)
Other Financing Sources/(Uses):										
Transfer from Operating Budget - PreK	944,862									944,862
Total Other Financing Sources/(Uses)	944,862	-	-	-	-	-	-	-	-	944,862
Excess/(Deficiency) of Revenues Over/(Under Expenditures & Other Financing Sources/(Uses)	157,233	-	-	-	-	-	-	-	-	157,233
Net change in fund balance	157,233	-	-	-	-	-	-	-	-	157,233
Fund Balance, July 1	345,501	-	-	-	-	-	-	-	-	345,501
Fund Balance, June 30	\$ 502,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,734

Montclair Township School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2025

	TOTAL BROUGHT FORWARD (PAGE 4)	PRESCHOOL EDUCATION AID (Ex. E-2)	N.J. NONPUBLIC TECHNOLOGY INITIATIVE	N.J. NONPUBLIC NURSING SERVICES	N.J. NONPUBLIC TEXTBOOK AID	N.J. NONPUBLIC SECURITY AID	TOTAL CARRIED FORWARD
REVENUES:							
State Sources	\$ 104,713	\$ 3,671,297	\$ 85,112	\$ 229,190	\$ 63,089	\$ 313,151	\$ 4,466,552
Federal Sources	-						-
Local Sources	963,507						963,507
Total Revenues	1,068,220	3,671,297	85,112	229,190	63,089	313,151	5,430,059
EXPENDITURES:							
Instruction:							
Salaries of Teachers	2,279	380,442					382,721
Other Salaries for Instruc.	-	179,517					179,517
Purch. Prof. & Tech. Services	3,855						3,855
Purch. Prof. - Educ. Services	-	39,560					39,560
Tuition to Private Schools for Disabled within State	-						-
General Supplies	88,395	24,221	85,112			313,151	510,879
Textbooks	-				63,089		63,089
Total Instruction	94,529	623,740	85,112	-	63,089	313,151	1,179,621
Support Services:							
Salaries of Supervisors of Instruction	-	166,090					166,090
Salaries of Program Directors	-	73,493					73,493
Salaries of Community Parent Involvement Spec.	-	61,500					61,500
Personal Services - Salaries	1,113						1,113
Personal Services - Empl. Benefits	-	109,146					109,146
Purch. Prof. & Tech Services	-						-
Purch. Prof. - Educ. Services	-			229,190			229,190
Purchased Education Services - Contracted Pre-K	-	3,226,547					3,226,547
Purchased Education Services - Head Start	-	270,799					270,799
Other Purch. Prof. Services	-	22,500					22,500
Contracted Services - Trans. (Other Than Between Home and School)	6,035	6,463					12,498
Cleaning, Repair and Maintenance Services	-	34,042					34,042
Travel	-	1,080					1,080
Supplies and Materials	-	2,770					2,770
Student Activity Disbursement	715,273						715,273
Other Objects	-	1,570					1,570
Total Support Services	722,421	3,976,000	-	229,190	-	-	4,927,611
Facilities Acquis. & Const. Serv.:							
Construction Services	19,037	-	-	-	-	-	19,037
Instructional Equipment	75,000	16,419					91,419
Total Facil. Acquis. & Const. Serv.	94,037	16,419	-	-	-	-	110,456
Total Expenditures	910,987	4,616,159	85,112	229,190	63,089	313,151	6,217,688
Excess/(Deficiency) of Revenues Over/(under Expenditures	157,233	(944,862)	-	-	-	-	(787,629)
Other Financing Sources/(Uses):							
Transfer from Operating Budget - PreK	-	944,862					944,862
Total Other Financing Sources/(Uses)	-	944,862	-	-	-	-	944,862
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	157,233	-	-	-	-	-	157,233
Net change in fund balance	157,233	-	-	-	-	-	157,233
Fund Balance, July 1	345,501	-	-	-	-	-	345,501
Fund Balance, June 30	\$ 502,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,734

Montclair Township School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2025

	SDA EMERGENT AND CAPITAL MAINTENANCE NEEDS	SDA LOCAL RECREATION IMPROVEMENT	AFRICAN AMERICAN STUDIES	LOCAL GRANTS	STUDENT ACTIVITIES/ ATHLETICS	TOTAL CARRIED FORWARD
REVENUES:						
State Sources	\$ 19,037	\$ 75,000	\$ 10,676			\$ 104,713
Federal Sources						-
Local Sources				\$ 91,001	\$ 872,506	963,507
Total Revenues	19,037	75,000	10,676	91,001	872,506	1,068,220
EXPENDITURES:						
Instruction:						
Salaries of Teachers			2,279			2,279
Other Salaries for Instruc.						-
Purch. Prof. & Tech. Services				3,855		3,855
Purch. Prof. - Educ. Services						-
Tuition to Private Schools for Disabled within State						-
General Supplies			1,249	87,146		88,395
Textbooks						-
Total Instruction	-	-	3,528	91,001	-	94,529
Support Services:						
Salaries of Supervisors of Instruction						-
Salaries of Program Directors						-
Salaries of Community Parent Involvement Spec.						-
Personal Services - Salaries			1,113			1,113
Personal Services - Empl. Benefits						-
Purch. Prof. & Tech Services						-
Purch. Prof. - Educ. Services						-
Purchased Education Services - Contracted Pre-K						-
Purch. Prof. - Educ. Services - Head Start						-
Other Purch. Prof. Services						-
Contracted Services - Trans. (Other Than Between Home and School)			6,035			6,035
Cleaning, Repair and Maintenance Services						-
Travel						-
Supplies and Materials						-
Student Activity Disbursement					715,273	715,273
Other Objects						-
Total Support Services	-	-	7,148	-	715,273	722,421
Facilities Acquis. & Const. Serv.:						
Construction Services	19,037					19,037
Instructional Equipment		75,000				75,000
Total Facil. Acquis. & Const. Serv.	19,037	75,000	-	-	-	94,037
Total Expenditures	19,037	75,000	10,676	91,001	715,273	910,987
Excess/(Deficiency) of Revenues Over/(under Expenditures	-	-	-	-	157,233	157,233
Other Financing Sources/(Uses):						
Transfer from Operating Budget - PreK	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-
Excess/(Deficiency) of Revenues Over/(Under Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	157,233	157,233
Fund Balance, July 1	-	-	-	-	345,501	345,501
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ 502,734	\$ 502,734

Montclair Township School District
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
(Budgetary Basis)
Year Ended June 30, 2025

	<u>ORIGINAL BUDGET</u>	<u>TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 426,085		\$ 426,085	\$ 380,442	\$ 45,643
Other Salaries for Instruction	185,714		185,714	179,517	6,197
Purchased Professional - Educational Services	35,897	\$ 7,898	43,795	39,560	4,235
General Supplies	25,000	4,239	29,239	24,221	5,018
Total Instruction	<u>672,696</u>	<u>12,137</u>	<u>684,833</u>	<u>623,740</u>	<u>61,093</u>
Support Services:					
Salaries of Supervisors of Instruction	157,340		157,340	166,090	(8,750)
Salaries of Program Directors		55,855	55,855	73,493	(17,638)
Salaries of Other Professional Staff	55,855	(55,855)			
Salaries of Community Parent Involvement Specialist	64,100		64,100	61,500	2,600
Salaries of Master Teachers	142,640	(7,898)	134,742		134,742
Personal Services-Employee Benefits	109,146		109,146	109,146	
Purchased Educational Services - Contracted Pre-K	3,229,560		3,229,560	3,226,547	3,013
Purchased Educational Services - Head Start	297,450		297,450	270,799	26,651
Other Purchased Professional Services	20,000	2,500	22,500	22,500	
Contracted Services - Transportation	16,710		16,710	6,463	10,247
Cleaning, Repair and Maintenance Services	40,000	(400)	39,600	34,042	5,558
Travel	3,000		3,000	1,080	1,920
Supplies and Materials	3,000	993	3,993	2,770	1,223
Other Objects	2,500		2,500	1,570	930
Total Support Services	<u>4,141,301</u>	<u>(4,805)</u>	<u>4,136,496</u>	<u>3,976,000</u>	<u>160,496</u>
Capital Outlays:					
Instructional Equipment	20,000		20,000	16,419	3,581
Total Capital Outlays	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>16,419</u>	<u>3,581</u>
Total Expenditures	<u>\$ 4,833,997</u>	<u>\$ 7,332</u>	<u>\$ 4,841,329</u>	<u>\$ 4,616,159</u>	<u>\$ 225,170</u>

CALCULATION OF BUDGET AND CARRYOVER:

Total revised 2024-25 Preschool Education Aid Allocation	\$ 3,779,448
Add: Actual Carryover (June 30, 2024)	282,712
Add: Budgeted General Fund Contribution to Preschool Education	944,862
Add: Prior Year Accounts Payable Cancelled	306,892
Add: Prior Year Encumbrances Cancelled	<u>2,109</u>
Total Preschool Education Aid Available for 2024-25 Budget	5,316,023
Less: 2024-25 Budgeted Preschool Education Aid	<u>(4,841,329)</u>
Available and Unbudgeted PEA Funds at June 30, 2025	474,694
Add: June 30, 2025 Unexpended PEA	<u>225,170</u>
2024-25 Carryover - Preschool Aid Programs	<u>\$ 699,864</u>
2024-25 PEA Carryover Budgeted for 2025-26 Preschool Programs	<u>\$ 282,712</u>

Capital Projects Fund

**Montclair Township School District
Capital Projects Fund**

Summary Schedule of Project Expenditures

Year ended June 30, 2025

Issue/Project Title	Appropriations	Revised Appropriations	Expenditures to Date		Unexpended Balance
			Prior Year	Current Year	
Various Projects - Township Ordinances #2020-019	\$ 4,425,850	\$ 4,425,850	\$ 2,533,028		\$ 1,892,822
Various Projects - Township Ordinances #2019-002	3,212,314	3,212,314	3,021,307	\$ 50,392	140,615
District-Wide Energy Savings Improvement Program (ESIP)	10,720,000	10,720,000	10,198,517	595,949	(74,466)
District Wide School Renovations	2,487,388	2,487,388	1,947,782		539,606
2023 Referendum	70,000,000	70,000,000	9,099,586	16,667,269	44,233,145
	<u>\$ 90,845,552</u>	<u>\$ 90,845,552</u>	<u>\$ 26,800,220</u>	<u>\$ 17,313,610</u>	<u>\$ 46,731,722</u>

Total Unexpended Project Balances, June 30, 2025	\$ 46,731,722
Add: Assigned Fund Balance - Potential Arbitrage Rebate	<u>950,000</u>
Fund Balance, June 30, 2025 (Budgetary Basis)	47,681,722
Less: Accounts Receivable - SDA Grants and Township Receivables	<u>2,825,009</u>
Fund Balance, June 30, 2025 (GAAP Basis)	<u>\$ 44,856,713</u>

Recapitulation of Fund Balance - June 30, 2025 (Budgetary Basis)

Restricted:	
Year-End Encumbrances	\$ 16,134,265
Available for Capital Projects	<u>30,597,457</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 46,731,722</u>
Assigned:	
Assigned Fund Balance - Potential Arbitrage Rebate	\$ 950,000
Total Fund Balance - Assigned to Capital Projects	<u>950,000</u>
Total Fund Balance, June 30, 2025 (Budgetary Basis)	<u>\$ 47,681,722</u>

Montclair Township School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in
Fund Balance
(Budgetary Basis)
Year ended June 30, 2025

	<u>Current Year</u>
Revenues	
Interest Earned	\$ 2,470,490
Total Revenues	<u>2,470,490</u>
Expenditures and Other Financing Uses	
Architecture Services	3,723,061
Legal Services	26,099
Construction Services	13,564,450
Transfers Out:	
Debt Service Fund - Interest	2,463,021
General Fund - Interest	<u>7,469</u>
Total Expenditures and Other Financing Uses	<u>19,784,100</u>
(Deficiency) of Revenues	
(Under) Expenditures and Other Financing Uses	(17,313,610)
Fund Balance, July 1	<u>64,995,332</u>
Fund Balance, June 30	<u>\$ 47,681,722</u>
<u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund Balance, Budgetary Basis	\$ 47,681,722
Less: Receivables not recognized on a GAAP basis	<u>(2,825,009)</u>
Fund Balance - June 30, 2025 GAAP Basis	<u>\$ 44,856,713</u>

**Montclair Township School District
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)**

Various Projects - Township Ordinances #2020-019

From Inception and for the year ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 4,425,850		\$ 4,425,850	\$ 4,425,850
Total Revenues	<u>4,425,850</u>	<u>-</u>	<u>4,425,850</u>	<u>4,425,850</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical	196,670		196,670	196,670
Construction Services	2,336,358		2,336,358	4,229,180
Total Expenditures	<u>2,533,028</u>	<u>-</u>	<u>2,533,028</u>	<u>4,425,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,892,822</u>	<u>\$ -</u>	<u>\$ 1,892,822</u>	<u>\$ -</u>
Additional project information				
Project number	N/A			
Bond authorization date	N/A			
Bond Authorized	N/A			
Bond Issued	N/A			
Original Authorized Cost	N/A			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 4,425,850			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	57.23%			
Original target completion date	N/A			
Revised target completion date	N/A			

**Montclair Township School District
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)**

Various Projects - Township Ordinances #2019-002

From Inception and for the year ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,991,877		\$ 2,991,877	\$ 2,991,877
Transfers from Capital Reserve	220,437		220,437	220,437
Total Revenues	<u>3,212,314</u>	<u>-</u>	<u>3,212,314</u>	<u>3,212,314</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical	345,759		345,759	345,759
Construction Services	2,675,548	\$ 50,392	2,725,940	2,866,555
Total Expenditures	<u>3,021,307</u>	<u>50,392</u>	<u>3,071,699</u>	<u>3,212,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 191,007</u>	<u>\$ (50,392)</u>	<u>\$ 140,615</u>	<u>\$ -</u>
Additional project information				
Project number	N/A			
Bond authorization date	N/A			
Bond Authorized	N/A			
Bond Issued	N/A			
Original Authorized Cost	N/A			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 3,212,314			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	95.62%			
Original target completion date	N/A			
Revised target completion date	N/A			

**Montclair Township School District
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)**

District-Wide Energy Savings Improvement Program (ESIP)

From Inception and for the year ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
ESIP Financed Purchase Proceeds	\$ 10,720,000		\$ 10,720,000	\$ 10,720,000
Total Revenues	<u>10,720,000</u>	<u>-</u>	<u>10,720,000</u>	<u>10,720,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical	793,457		793,457	794,899
Construction Services	9,405,060	\$ 595,949	10,001,009	9,925,101
Total Expenditures	<u>10,198,517</u>	<u>595,949</u>	<u>10,794,466</u>	<u>10,720,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 521,483</u>	<u>\$ (595,949)</u>	<u>\$ (74,466)</u>	<u>\$ -</u>
Additional project information				
Project number	Various			
Lease Authorization Date	December 20, 2020			
Lease Authorized	\$ 10,720,000			
Lease Issued	\$ 10,720,000			
Original Authorized Cost	\$ 10,720,000			
Revised Authorized Cost	<u>\$ 10,720,000</u>			
Percentage completion	100.00%			
Original target completion date	June 30, 2024			
Revised target completion date	June 30, 2025			

**Montclair Township School District
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)**

District Wide School Renovations

From Inception and for the year ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 990,572		\$ 990,572	\$ 990,572
Transfers from Capital Reserve	1,496,816		1,496,816	1,496,816
Total Revenues	<u>2,487,388</u>	<u>-</u>	<u>2,487,388</u>	<u>2,487,388</u>
Expenditures and Other Financing Uses				
Construction Services	1,947,782		1,947,782	2,487,388
Total Expenditures	<u>1,947,782</u>	<u>-</u>	<u>1,947,782</u>	<u>2,487,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 539,606</u>	<u>\$ -</u>	<u>\$ 539,606</u>	<u>\$ -</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	\$ 2,487,388			
Revised Authorized Cost	<u>\$ 2,487,388</u>			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	78.31%			
Original target completion date	August 30, 2016			
Revised target completion date	N/A			

**Montclair Township School District
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)**

2023 Referendum

From Inception and for the year ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond Proceeds	\$ 70,000,000		\$ 70,000,000	\$ 187,730,769
Total Revenues	<u>70,000,000</u>	<u>-</u>	<u>70,000,000</u>	<u>187,730,769</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	124,549		124,549	124,549
Architectural Services	4,117,870	\$ 3,723,061	7,840,931	8,364,175
Legal Services	112,204	26,099	138,303	150,000
Construction Services	4,744,963	12,918,109	17,663,072	179,092,045
Total Expenditures	<u>9,099,586</u>	<u>16,667,269</u>	<u>25,766,855</u>	<u>187,730,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 60,900,414</u>	<u>\$(16,667,269)</u>	<u>\$ 44,233,145</u>	<u>\$ -</u>
Additional project information				
Project number	N/A			
Grant Date	N/A			
Bond Authorization Date	November 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	13.73%			
Original target completion date	June 30, 2028			

Long-Term Debt

**Montclair Township School District
Long-Term Debt**

Schedule of Serial Bonds Payable

Year ended June 30, 2025

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Retired	Balance
			Date	Amount		June 30, 2024		June 30, 2025
Referendum Bonds	2/1/2023	\$70,000,000	1/15/2026	\$ 2,990,000	3.000%	\$ 70,000,000	\$ 2,100,000	\$ 67,900,000
			1/15/2027	3,075,000	3.000%			
			1/15/2028	3,170,000	3.000%			
			1/15/2029	3,265,000	3.000%			
			1/15/2030	3,365,000	3.000%			
			1/15/2031	3,465,000	3.000%			
			1/15/2032	3,575,000	3.000%			
			1/15/2033	3,690,000	3.000%			
			1/15/2034	3,815,000	3.000%			
			1/15/2035	3,965,000	3.125%			
			1/15/2036	4,125,000	3.000%			
			1/15/2037	4,200,000	3.250%			
			1/15/2038	4,200,000	3.250%			
			1/15/2039	4,200,000	4.000%			
			1/15/2040	4,200,000	4.000%			
			1/15/2041	4,200,000	4.000%			
			1/15/2042	4,200,000	4.000%			
			1/15/2043	4,200,000	4.000%			
						\$ 70,000,000	\$ 2,100,000	\$ 67,900,000

**Montclair Township School District
Long-Term Debt**

Schedule of Obligations Under Financed Purchases

Year ended June 30, 2025

Purpose	Amount of Original Issue	Interest Rate Payable On Remaining Balance	Balance June 30, 2024	Issued	Retired	Balance June 30, 2025
ESIP	\$ 10,720,000	1.5010%	\$ 8,699,614		\$ 766,219	\$ 7,933,395
Copiers	640,413	4.3750%		\$ 640,413	149,971	490,442
Computers	760,240	0.0000%		760,240	190,060	570,180
			<u>\$ 8,699,614</u>	<u>\$ 1,400,653</u>	<u>\$ 1,106,250</u>	<u>\$ 8,994,017</u>

**Montclair Township School District
Debt Service Fund**

Budgetary Comparison Schedule

Year ended June 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Interest Income				\$ 32	\$ 32
State Sources:					
Debt Service Aid Type II	\$ 1,446,408		\$ 1,446,408	1,446,408	
Total Revenues	<u>1,446,408</u>		<u>1,446,408</u>	<u>1,446,440</u>	<u>32</u>
Expenditures:					
Regular Debt Service:					
Principal				2,100,000	(2,100,000)
Interest	<u>4,446,269</u>		<u>4,446,269</u>	<u>2,346,269</u>	<u>2,100,000</u>
Total Expenditures	<u>4,446,269</u>		<u>4,446,269</u>	<u>4,446,269</u>	
(Deficiency) of revenues (under) expenditures	(2,999,861)		(2,999,861)	(2,999,829)	32
Other financing sources (uses):					
Transfers In - Interest from Capital Projects Fund	<u>1,674,307</u>		<u>1,674,307</u>	<u>2,463,021</u>	<u>788,714</u>
Total other financing sources (uses)	<u>1,674,307</u>		<u>1,674,307</u>	<u>2,463,021</u>	<u>788,714</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	<u>(1,325,554)</u>		<u>(1,325,554)</u>	<u>(536,808)</u>	<u>788,746</u>
Fund balance, July 1	<u>3,680,798</u>		<u>3,680,798</u>	<u>3,680,798</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,355,244</u>		<u>\$ 2,355,244</u>	<u>\$ 3,143,990</u>	<u>\$ 788,746</u>

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the District provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report (ACFR) for the relevant year.*

**Montclair Township School District
Net Position by Component**

**Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited**

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 69,244,827	\$ 70,432,489	\$ 64,373,948	\$ 66,135,874	\$ 67,953,730	\$ 59,373,803	\$ 64,624,515	\$ 68,438,193	\$ 68,422,536	\$ 70,134,366
Restricted	1,848,364	932,617	3,183,026	2,938,977	4,326,268	4,238,524	4,262,899	4,937,158	6,845,975	4,660,512
Unrestricted (deficit)	(37,474,573)	(41,390,483)	(39,544,086)	(39,840,119)	(39,048,062)	(26,100,275)	(25,337,074)	(25,947,271)	(23,905,243)	(44,376,042)
Total governmental activities net position	<u>\$ 33,618,618</u>	<u>\$ 29,974,623</u>	<u>\$ 28,012,888</u>	<u>\$ 29,234,732</u>	<u>\$ 33,231,936</u>	<u>\$ 37,512,052</u>	<u>\$ 43,550,340</u>	<u>\$ 47,428,080</u>	<u>\$ 51,363,268</u>	<u>\$ 30,418,836</u>
Business-type activities:										
Investment in capital assets	\$ 281,029	\$ 271,779	\$ 207,986	\$ 181,994	\$ 162,836	\$ 131,692	\$ 108,576	\$ 80,421	\$ 70,731	\$ 278,128
Unrestricted (deficit)	232,931	181,222	199,246	159,875	120,736	273,209	513,925	439,305	84,806	(349,030)
Total business-type activities net position	<u>\$ 513,960</u>	<u>\$ 453,001</u>	<u>\$ 407,232</u>	<u>\$ 341,869</u>	<u>\$ 283,572</u>	<u>\$ 404,901</u>	<u>\$ 622,501</u>	<u>\$ 519,726</u>	<u>\$ 155,537</u>	<u>\$ (70,902)</u>
District-wide:										
Net investment in capital assets	\$ 69,525,856	\$ 70,704,268	\$ 64,581,934	\$ 66,317,868	\$ 68,116,566	\$ 59,505,495	\$ 64,733,091	\$ 68,518,614	\$ 68,493,267	\$ 70,412,494
Restricted	1,848,364	932,617	3,183,026	2,938,977	4,326,268	4,238,524	4,262,899	4,937,158	6,845,975	4,660,512
Unrestricted (deficit)	(37,241,642)	(41,209,261)	(39,344,840)	(39,680,244)	(38,927,326)	(25,827,066)	(24,823,149)	(25,507,966)	(23,820,437)	(44,725,072)
Total district net position	<u>\$ 34,132,578</u>	<u>\$ 30,427,624</u>	<u>\$ 28,420,120</u>	<u>\$ 29,576,601</u>	<u>\$ 33,515,508</u>	<u>\$ 37,916,953</u>	<u>\$ 44,172,841</u>	<u>\$ 47,947,806</u>	<u>\$ 51,518,805</u>	<u>\$ 30,347,934</u>

Source: ACFR Schedule A-1 and District records.

Montclair Township School District
Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Years ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Instruction										
Regular	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089	\$ 63,995,455	\$ 62,060,879	\$ 62,704,943	\$ 88,219,173	\$ 75,616,006	\$ 86,178,535	\$ 64,645,752
Special education	15,619,647	17,774,029	17,471,766	16,803,010	16,581,273	18,013,387	22,045,080	20,195,162	22,987,847	19,818,927
Other special education	3,020,620	3,418,485	3,220,413	3,087,101	2,708,268	2,226,687	2,634,898	2,284,811	2,094,722	1,788,836
School sponsored activities and athletics	2,021,715	2,261,364	2,362,269	2,256,499	2,391,272	2,314,355	2,008,880	1,931,342	2,312,175	2,645,241
Support Services:										
Tuition	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960	7,487,964	7,851,105	6,621,430	8,886,749
Student and instruction related services	33,896,334	38,160,334	37,539,210	36,128,092	36,178,811	38,470,861	31,627,130	29,809,158	30,962,461	41,453,285
General administration services	2,203,262	2,505,852	2,314,025	2,395,882	2,947,055	2,943,932	2,759,993	2,784,404	2,635,957	2,887,726
School administration services	7,362,141	8,378,945	8,168,027	7,922,147	7,805,301	7,750,757	9,157,337	8,211,148	8,841,258	7,839,466
Central services	2,013,448	2,258,488	2,344,001	2,134,357	2,024,091	2,552,765	1,877,826	1,434,295	1,654,972	2,070,514
Administration information technology	1,212,581	1,232,712	1,255,705	1,366,579	1,241,864	1,349,278	1,209,237	1,154,332	1,344,241	1,582,315
Plant operations and maintenance	10,270,734	11,127,101	11,492,712	12,933,955	11,675,129	13,252,878	12,026,941	12,829,832	12,252,640	14,979,646
Pupil transportation	4,850,939	5,542,086	4,920,476	7,250,517	6,657,707	3,691,149	8,968,947	10,559,266	8,146,770	13,364,858
Capital outlay							85,938	123,100	166,410	
Charter schools	10,448	43,223	33,016	42,971	18,393	19,165	133,021	93,401	141,715	116,581
Interest on long-term debt								979,785	3,287,579	3,110,844
Unallocated depreciation	2,377,849	2,432,401	2,432,401	2,023,702	2,023,702	2,023,702	2,023,702	2,023,702	2,023,702	
Total governmental activities expenses	149,507,716	168,081,344	167,845,559	165,675,799	161,329,125	164,485,819	192,266,067	177,880,649	191,652,414	185,190,740
Business-type activities:										
Food service	1,269,749	1,280,854	1,513,737	1,547,031	1,226,186	568,999	1,822,462	1,886,057	2,106,608	2,338,215
Summer program	11,720	210,340	312,763	320,478	345,103	16,860	232,747	229,028	306,458	254,118
Provisional teacher	76,134	61,175	26,820	51,040	27,500	29,500	51,500	57,360	81,667	78,785
Total business-type activities expense	1,357,603	1,552,369	1,853,320	1,918,549	1,598,789	615,359	2,106,709	2,172,445	2,494,733	2,671,118
Total district expenses	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879	\$ 167,594,348	\$ 162,927,914	\$ 165,101,178	\$ 194,372,776	\$ 180,053,294	\$ 194,147,147	\$ 187,861,858
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 41,743	\$ 40,739	\$ 167,105	\$ 93,643	\$ 103,243	\$ 71,680	\$ 29,895	\$ 29,456	\$ 1,536	
Student & instruction related services						365,077	474,356	748,480	816,830	\$ 872,506
Pupil transportation		6,572								3,315
Operating grants and contributions	38,048,010	50,727,530	54,167,407	44,827,895	40,115,416	44,893,550	68,535,856	50,884,781	58,708,589	34,345,964
Capital grants and contributions	2,017,080	2,203,366	2,027,323	3,935,989	3,067,311	1,299,430	4,210,506	546,007	614,139	
Total governmental activities program revenues	40,106,833	52,978,207	56,361,835	48,857,527	43,285,970	46,629,737	73,250,613	52,208,724	60,141,094	35,221,785
Business-type activities:										
Charges for services										
Food service	556,400	524,296	739,059	838,844	581,470	23,050	179,087	885,988	995,140	708,405
Summer program	66,250	41,460	26,500	40,800	44,150	59,550	80,866	91,513	41,200	243,510
Provisional teacher		179,056	310,264	310,667	319,223	16,800	187,422	258,035	316,681	25,791
Operating grants and contributions	547,337	542,509	550,354	545,382	446,495	618,568	1,833,838	795,601	774,295	716,791
Total business type activities program revenues	1,169,987	1,287,321	1,626,177	1,735,693	1,391,338	717,968	2,281,213	2,031,137	2,127,316	1,694,497
Total district program revenues	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012	\$ 50,593,220	\$ 44,677,308	\$ 47,347,705	\$ 75,531,826	\$ 54,239,861	\$ 62,268,410	\$ 36,916,282
Net (Expense)/Revenue										
Governmental activities	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)	\$ (116,818,272)	\$ (118,043,155)	\$ (117,856,082)	\$ (119,015,454)	\$ (125,672,125)	\$ (131,511,320)	\$ (149,968,955)
Business-type activities	(187,616)	(265,048)	(227,143)	(182,856)	(207,451)	102,609	174,504	(141,308)	(367,417)	(976,621)
Total district-wide net expense	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)	\$ (117,001,128)	\$ (118,250,606)	\$ (117,753,473)	\$ (118,840,950)	\$ (125,813,433)	\$ (131,878,737)	\$ (150,945,576)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307	\$ 123,037,813	\$ 125,498,569	\$ 128,008,540	\$ 130,568,711
Taxes levied for debt service									1,200,000	
Unrestricted grants and contributions	1,510,302	1,619,868	1,521,257	1,185,833	1,163,802	1,158,116	382,298	1,134,706	1,157,874	322,652
Restricted grants and contributions										470,528
Miscellaneous income	938,497	581,255	672,760	1,009,936	1,972,974	365,404	524,614	2,952,890	5,080,094	3,606,970
Transfers	(92,321)	(203,668)	(224,425)	(116,397)	(127,038)	(18,585)	(42,848)	(36,300)		(749,348)
Total governmental activities	108,060,486	111,919,053	114,606,140	118,020,651	121,269,843	122,130,242	123,901,877	129,549,865	135,446,508	134,219,513
Business-type activities:										
Investment earnings	247	421	1,042	1,096	720	135	248	2,232	3,228	834
Other items			13,947		21,396					
Transfers	92,321	203,668	224,425	116,397	127,038	18,585	42,848	36,300		749,348
Total business-type activities	92,568	204,098	239,414	117,493	149,154	18,720	43,096	38,532	3,228	750,182
Total district-wide	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554	\$ 118,138,144	\$ 121,418,997	\$ 122,148,962	\$ 123,944,973	\$ 129,588,397	\$ 135,449,736	\$ 134,969,695
Change in Net Position										
Governmental activities	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416	\$ 1,202,379	\$ 3,226,688	\$ 4,274,160	\$ 4,886,423	\$ 3,877,740	\$ 3,935,188	\$ (15,749,442)
Business-type activities	(95,048)	(60,959)	12,271	(65,363)	(58,297)	121,329	(364,189)	(102,776)	(364,189)	(226,439)
Total district	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687	\$ 1,137,016	\$ 3,168,391	\$ 4,395,489	\$ 5,104,023	\$ 3,774,964	\$ 3,570,999	\$ (15,975,881)

Source: ACFR Schedule A-2 and District records.

**Montclair Township School District
Fund Balances - Governmental Funds**

**Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	June 30,									
	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 2,013,090	\$ 1,277,073	\$ 3,183,026	\$ 2,938,977	\$ 3,956,858	\$ 3,834,521	\$ 2,615,854	\$ 2,472,143	\$ 2,429,250	\$ 1,436,718
Assigned	989,770	492,636	2,249,784	877,110	2,245,120	3,337,331	5,138,292	1,302,415	4,591,250	934,121
Unassigned (deficit)	1,674,878	1,633,232	2,720,300	2,974,080	2,847,421	5,275,535	1,740,186	4,615,897	2,008,238	(14,543,474)
Total general fund	<u>\$ 4,677,738</u>	<u>\$ 3,402,941</u>	<u>\$ 8,153,110</u>	<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>	<u>\$ 9,028,738</u>	<u>\$ (12,172,635)</u>
All Other Governmental Funds:										
Restricted					\$ 375,366	\$ 7,613,425	\$ 4,607,544	\$ 72,141,317	\$ 64,997,230	\$ 47,553,437
Assigned	\$ 24,261	\$ 28,133		\$ 1,028,082					950,000	950,000
Committed					20,628	180,365	195,262	94,542	249,392	
Unassigned (deficit)	(188,978)	(372,589)	\$ (378,664)	(399,291)	(399,291)			(101,060)	(212,119)	(377,945)
Total all other governmental funds	<u>\$ (164,717)</u>	<u>\$ (344,456)</u>	<u>\$ (378,664)</u>	<u>\$ 628,791</u>	<u>\$ (3,297)</u>	<u>\$ 7,793,790</u>	<u>\$ 4,802,806</u>	<u>\$ 72,134,799</u>	<u>\$ 65,984,503</u>	<u>\$ 48,125,492</u>

Source: ACFR Schedule B-1 and District records.

Note 1: GASB No. 84 was implemented during the 2021 fiscal year, which required the restatement of the beginning fund balances in the general and special revenue funds.

Note 2: The deficits in the special revenue fund are the result of the last two state aid payments being deferred until the subsequent fiscal year. See notes to the basic financial statements for additional information.

Montclair Township School District
Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax levy	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307	\$ 123,037,813	\$ 125,498,569	\$ 129,208,540	\$ 130,568,711
Miscellaneous	3,262,815	1,036,493	1,118,230	1,228,492	2,311,923	889,442	1,141,953	3,759,528	5,930,322	4,578,684
State sources	21,031,329	23,756,709	26,275,848	29,778,109	30,698,193	35,560,876	45,079,959	48,064,629	49,225,653	51,810,326
Federal sources	2,737,851	2,747,845	2,349,697	2,658,073	2,354,949	3,457,752	9,135,448	5,472,133	4,024,837	3,404,931
Total revenue	132,736,003	137,462,645	142,380,323	149,605,953	153,625,170	160,533,377	178,395,173	182,794,859	188,389,352	190,362,652
Expenditures										
Instruction:										
Regular Instruction	37,622,800	38,597,011	39,240,747	39,686,743	40,461,073	39,955,377	48,256,102	46,088,375	47,026,686	45,663,016
Special education instruction	10,158,894	10,304,567	9,932,543	10,539,971	10,735,761	11,440,572	11,062,205	12,087,021	12,536,477	14,106,063
Other special instruction	2,004,902	2,068,291	1,951,708	2,030,686	1,830,996	1,455,854	1,487,639	1,385,915	1,155,025	1,240,039
School sponsored activities, athletics	1,391,942	1,392,876	1,454,363	1,494,818	1,615,837	1,540,662	1,602,227	1,636,352	1,831,912	1,958,637
Support Services:										
Tuition	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960	7,487,964	7,851,105	6,621,430	8,886,749
Student & inst. related services	22,622,671	22,995,689	22,504,370	23,301,465	24,449,945	25,999,532	24,080,954	24,349,816	23,676,532	31,205,197
General administrative services	1,310,991	2,081,026	1,879,769	2,074,750	2,528,679	2,459,035	2,400,262	2,414,055	2,306,239	2,451,331
School administrative services	843,050	4,732,220	4,578,561	4,787,560	4,812,556	4,861,129	5,217,892	5,297,319	5,317,285	5,372,537
Central services	1,990,035	1,342,054	1,314,916	1,363,776	1,328,422	1,359,176	1,463,379	1,333,525	1,422,950	1,446,117
Administrative information technology	4,612,683	803,152	798,073	838,030	758,215	834,524	879,808	937,730	993,572	1,203,644
Plant operations and maintenance	7,803,481	7,935,925	8,027,385	9,717,222	8,833,502	10,216,526	10,682,242	12,205,594	11,415,780	14,047,510
Pupil transportation	4,708,140	5,290,632	4,702,946	7,066,626	6,543,608	3,555,992	9,013,106	10,548,694	8,102,805	12,968,157
Unallocated benefits	29,818,675	33,415,259	35,503,265	39,199,306	40,443,259	45,651,292	55,713,385	54,322,819	58,747,443	60,698,318
Charter Schools	10,448	43,223	33,016	42,971	18,393	19,165	133,021	93,401	141,715	116,581
Capital outlay	4,098,791	3,616,859	2,181,404	4,261,714	4,684,478	4,688,693	7,431,886	5,978,722	10,363,523	19,069,186
Debt service:										
Principal										2,100,000
Interest and other charges									2,241,991	2,346,269
Total expenditures	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104	161,209,489	186,912,072	186,530,443	193,901,365	224,879,351
Excess (Deficiency) of revenues over (under) expenditures	(1,383,001)	(2,906,558)	2,316,808	(4,135,217)	(2,434,934)	(676,112)	(8,516,899)	(3,735,584)	(5,512,013)	(34,516,699)
Other Financing sources (uses)										
Bond Proceeds								70,000,000		
Financed purchases (non-budgeted)	269,429				360,000					1,400,653
Montclair improvement authorization		2,203,366	1,993,588	3,896,126	3,033,179	1,169,772	2,615,708			
ESIP financed purchase proceeds						10,720,000				
Transfers in	11,215	463	2,438	1,020,165	88,052	160,729	60,699		3,209,140	3,415,352
Transfers out	(61,803)	(204,131)	(226,863)	(1,136,562)	(215,090)	(179,314)	(103,547)	(36,300)	(3,209,140)	(4,164,700)
Total other financing sources (uses)	218,841	2,096,838	1,769,163	3,779,729	3,266,141	11,871,187	2,572,860	69,963,700	-	651,305
Net change in fund balances	\$ (1,164,160)	\$ (809,720)	\$ 4,085,971	\$ (355,488)	\$ 831,207	\$ 11,195,075	\$ (5,944,039)	\$ 66,228,116	\$ (5,512,013)	\$ (33,865,394)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.22%	2.16%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Montclair Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Interest Earned	\$ 43,155	\$ 55,980	\$ 205,962	\$ 407,443	\$ 297,216	\$ 23,709	\$ 25,795	\$ 564,010	\$ 725,471	\$ 561,320
Tuition	41,743	40,739	167,105	93,643	103,243	71,680	29,895	29,456	1,536	
Transportation Fees from Individuals										3,315
Rentals - Use of Facilities	41,057	111,106	100,965	163,536	48,139	12,364	83,351	37,209	81,943	96,720
Prior Year Refunds	651,887	158,998	106,132	188,857	1,215,186	184,863	260,043	404,229	27,479	
Other	202,142	261,280	257,263	237,390	400,880	143,477	155,425	129,287	155,257	478,408
Total	<u>\$ 979,984</u>	<u>\$ 628,103</u>	<u>\$ 837,427</u>	<u>\$ 1,090,869</u>	<u>\$ 2,064,664</u>	<u>\$ 436,093</u>	<u>\$ 554,509</u>	<u>\$ 1,164,191</u>	<u>\$ 991,686</u>	<u>\$ 1,139,763</u>

Source: District's Revenue Report

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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	\$ 6,805,822,663	\$ 2.05
2017	16,524,000	4,895,004,400	563,938,000	3,891,000	243,149,800	5,722,507,200	699,897,000	8,116,600	5,730,623,800	7,107,693,577	2.11
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	7,359,549,675	1.75
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	7,836,749,193	1.79
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	7,923,346,758	1.82
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	8,077,971,840	1.85
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	8,649,180,767	1.88
2023	28,920,700	6,090,214,000	697,806,700	5,023,000	326,272,200	7,148,236,600	833,916,400	8,369,200	7,156,605,800	9,886,603,937	1.92
2024	28,571,900	6,109,752,800	701,898,700	5,023,000	327,411,600	7,172,658,000	833,965,100	7,749,600	7,180,407,600	10,770,938,777	1.82
2025	29,217,000	6,143,631,400	699,414,500	5,023,000	327,846,500	7,205,132,400	835,758,400	7,295,700	7,212,428,100	11,736,435,844	1.91

Source: County Abstract of Ratables

^a Tax rates are per \$100
NA Not available

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

Assessment Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Montclair Township	Essex County	
2016	\$ 2.050	\$ 0.960	\$ 0.620	\$ 3.630
2017	2.110	0.980	0.640	3.730
2018	*	0.820	0.520	3.090
2019	1.790	0.820	0.540	3.150
2020	1.820	0.820	0.540	3.180
2021	1.850	0.840	0.550	3.240
2022	1.880	0.850	0.560	3.290
2023	1.920	0.870	0.590	3.380
2024	1.818	0.851	0.552	3.221
2025	1.911	0.868	0.551	3.330

Source: Municipal Tax Collector and School Business Administrator

* - Revaluation Year

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

2025				2016			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% Total of District Net Assessed Value
NA	NA	1	NA	Rockcliff Apartments	\$ 15,146,300	1	0.22%
NA	NA	2	NA	Lackawanna Associates	13,487,000	2	0.20%
NA	NA	3	NA	Hawthorne Towers Partnership	11,288,000	3	0.17%
NA	NA	4	NA	Princeton Bank & Industry Constg. Group	10,732,400	4	0.16%
NA	NA	5	NA	Belclaire, LLC	10,649,300	5	0.16%
NA	NA	6	NA	Richard Grabowsky, LLC	9,674,600	6	0.14%
NA	NA	7	NA	Orange Pavilion, LLC	9,250,000	7	0.14%
NA	NA	8	NA	39 - 51 Church Street Association	8,500,000	8	0.12%
NA	NA	9	NA	Bank of America	7,957,100	9	0.12%
NA	NA	10	NA	First Montclair, LLC	7,841,300	10	0.12%
Total	<u>\$ -</u>		<u>-</u>	Total	<u>\$ 104,526,000</u>		<u>1.54%</u>

Source: Municipal Tax Assessor

NA - Not available

**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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 105,704,008	\$ 105,704,008	100.00%	\$ -
2017	109,921,598	109,921,598	100.00%	-
2018	112,636,548	112,636,548	100.00%	-
2019	115,941,279	115,941,279	100.00%	-
2020	118,260,105	118,260,105	100.00%	-
2021	120,625,307	120,625,307	100.00%	-
2022	123,037,813	123,037,813	100.00%	-
2023	125,498,569	125,498,569	100.00%	-
2024	129,208,540	129,208,540	100.00%	-
2025	130,568,711	130,568,711	100.00%	-

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Total District	a	a
	General Obligation Bonds	Financed Purchase Payables	Bond Anticipation Notes (BANs)		Percentage of Personal Income	Per Capita
2016	\$ -	\$ 370,546	\$ -	\$ 370,546	0.02%	\$ 10
2017	-	295,855	-	295,855	0.01%	8
2018	-	125,776	-	125,776	0.01%	3
2019	-	39,649	-	39,649	0.00%	1
2020	-	305,184	-	305,184	0.01%	8
2021	-	10,936,302	-	10,936,302	0.36%	267
2022	-	10,535,854	-	10,535,854	0.35%	265
2023	70,000,000	9,758,416	-	79,758,416	2.64%	2,004
2024	70,000,000	8,699,614	-	78,699,614	2.60%	1,916
2025	67,900,000	8,994,017	-	76,894,017	2.54%	1,872

Source: District records

(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.

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			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ -	\$ -	\$ -	0.00%	\$ -
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-
2023	70,000,000	-	70,000,000	0.98%	1,759
2024	70,000,000	-	70,000,000	0.98%	1,704
2025	67,900,000	-	67,900,000	0.98%	1,653

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR YEAR ENDED DECEMBER 31, 2024
(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	\$ 85,512,311	100.00%	\$ 85,512,311
Essex County General Obligation Debt	<u>620,640,683</u>	<u>11.36%</u>	<u>70,504,782</u>
Subtotal, Overlapping Debt			156,017,093
Montclair School District Direct Debt			<u>70,000,000</u>
Total Direct and Overlapping Bonded Debt			<u>\$ 226,017,093</u>

Source: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental 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 2024

Equalized Valuation Basis

2024	\$ 11,659,067,458
2023	10,710,573,269
2022	9,824,992,825
	[A] \$ 32,194,633,552

Average Equalized Valuation of Taxable Property

[A/3] \$ 10,731,544,517

Debt Limit (4.0% of average

[B] \$ 429,261,781

Total Net Debt Applicable to Limit

[C] 67,900,000

Legal debt margin

[B-C] \$ 361,361,781

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 264,469,326	\$ 267,474,394	\$ 274,796,198	\$ 282,475,277	\$ 295,500,638	\$ 306,237,077	\$ 315,983,633	\$ 326,796,700	\$ 388,369,940	\$ 429,261,781
Total Net Debt Applicable to Limit	72,870,022	67,789,226	70,852,863	71,214,780	74,314,083	73,580,409	72,480,501	70,000,000	70,000,000	67,900,000
Legal Debt Margin	\$ 191,599,304	\$ 199,685,168	\$ 203,943,335	\$ 211,260,497	\$ 221,186,555	\$ 232,656,668	\$ 243,503,132	\$ 256,796,700	\$ 318,369,940	\$ 361,361,781
Total net debt applicable to the limit as a percentage of debt limit	27.55%	25.34%	25.78%	25.21%	25.15%	24.03%	22.94%	21.42%	18.02%	15.82%

Source: Annual Debt Statements

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Year	a Population	b Personal Income	c County Per Capita Personal Income	d Unemployment Rate
2016	38,502	\$ 2,338,418,970	\$ 57,228	3.90%
2017	38,691	2,424,339,369	58,707	3.60%
2018	38,721	2,459,596,641	59,322	3.00%
2019	38,724	2,552,957,148	63,077	2.60%
2020	38,509	2,714,768,973	67,431	6.90%
2021	40,935	3,041,879,850	74,714	5.10%
2022	39,821	3,023,767,814	76,488	2.80%
2023	39,797	3,021,945,398 ***	80,460 *	3.50%
2024	41,076 **	3,021,945,938 ***	80,460 *	3.70%
2025	41,076 **	3,021,945,938	80,460 *	N/A

* - Latest Essex County per capita personal income available (2023) was used for calculation purposes.

** - Latest population data available (2024) was used for calculation purposes.

*** - Latest available population data (2023) and latest available Essex County per capita personal income (2022) 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)

Employer	2025		2016	
	Employees	Percentage of Municipal Employment	Employees	Percentage of Municipal Employment
NOT AVAILABLE				
	-		-	

Source: Information was not available

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

<u>Function/Program</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>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	470.9	480.4	458.6	449.6	450.9	449.7	440.0	441.0	427.0	NA
Special education	141.8	134.6	132.7	134.6	146.0	146.5	183.0	181.0	180.0	NA
Support Services:										
Student & instruction related services	336.7	343.5	328.6	330.2	349.6	366.5	362.1	323.0	315.0	NA
School administrative services	48.5	49.0	45.5	45.5	48.5	45.5	45.5	45.5	45.5	NA
General and Business Administrative Services	3.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	NA
Plant operations and maintenance	62.0	63.0	65.0	65.0	67.0	66.0	66.0	66.0	66.0	NA
Pupil transportation	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	NA
Business and other support services	20.7	20.0	22.7	22.7	19.0	19.0	19.3	19.3	19.3	NA
Total	<u>1,087.1</u>	<u>1,098.8</u>	<u>1,061.4</u>	<u>1,055.9</u>	<u>1,089.3</u>	<u>1,101.5</u>	<u>1,124.2</u>	<u>1,084.1</u>	<u>1,061.1</u>	<u>-</u>

Source: District Personnel Records

NA - Not available

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	6,695	\$ 130,020,213	\$ 19,420	2.19%	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%	96.33%
2021	6,396	156,520,796	24,472	6.52%	569	11.1:1	9.7:1	12.9:1	6,254	6,056	-5.49%	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	-2.75%	94.34%
2024	6,011	181,295,851	30,161	0.88%	607	8.3:1	8.6:1	12.4:1	5,982	5,655	-0.32%	94.53%
2025	NA	201,363,896	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Sources: District records

Note: a Enrollment based on annual October district count.
b Operating expenditures equal total expenditures less debt service and capital outlay.
c Cost per pupil represents operating expenditures divided by enrollment.
NA Not available.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
<u>Elementary</u>										
<u>Bradford Elementary School</u>										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	354	354	354	354	354	354	354	354	354	354
Enrollment	431	426	430	436	413	389	361	381	378	378
<u>Bullock Elementary School</u>										
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	463	439	448	448	466	434	424	424	431	431
<u>Edgemont Elementary School</u>										
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	284	288	283	291	276	237	236	260	255	255
<u>Hillside Elementary School</u>										
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	560	587	591	521	535	535	439	455	454	454
<u>Nishuane Elementary School</u>										
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	489	458	423	394	461	428	411	434	413	413
<u>Northeast Elementary School</u>										
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	441	436	415	416	408	391	335	363	376	376
<u>Watchung Elementary School</u>										
Square Feet	52,109	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	441	439	432	426	415	400	380	396	390	390
<u>Glenfield Middle School</u>										
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	649	640	641	674	668	654	621	539	529	529
<u>Buzz Aldrin Middle School</u>										
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	642	659	658	658	665	661	624	607	613	613
<u>Renaissance Middle School</u>										
Square Feet	37,161	37,161	37,161	37,161	37,161	37,161	37,161	37,161	37,161	37,161
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	284	289	280	256	247	242	226	222	204	204
<u>Montclair High School</u>										
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	2,018	2,029	2,047	2,071	2,035	2,025	1,991	1,958	1,968	1,968

Number of Schools at June 30, 2025

Elementary = 7

Middle School = 3

High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
*School Facilities										
Bradford Elementary School	\$ 35,946	\$ 23,657	\$ 70,566	\$ 88,175	\$ 59,008	\$ 40,699	\$ 129,505	\$ 50,522	\$ 53,373	\$ 99,514
Bullock Elementary School	41,652	31,932	39,862	31,715	49,764	42,865	238,408	34,749	36,709	121,633
Edgemont Elementary School	27,907	38,554	27,947	125,787	49,284	29,793	140,175	27,893	29,467	64,803
Glenfield Middle School	122,785	90,628	116,527	78,449	171,152	56,851	225,571	182,158	192,435	104,861
Hillside Elementary School	58,285	51,443	68,343	172,021	73,593	345,487	280,836	151,792	160,356	164,636
Montclair High School	279,625	277,444	321,473	476,500	435,569	464,318	444,565	366,864	387,563	422,968
Buzz Aldrin Middle School	12,693	135,193	47,739	66,341	69,830	256,859	232,806	90,304	95,399	134,234
Nishuane Elementary School	61,091	25,059	51,998	72,105	41,829	82,960	200,979	75,311	79,560	91,769
Northeast Elementary School	51,954	71,012	1,275	80,527	175,386	49,996	197,269	58,987	62,315	106,188
Renaissance Middle School	61,288	40,343	55,057	45,224	67,715	39,853	114,837	89,485	94,533	56,432
Wtaching Elementary School	29,641	54,262	121,022	100,427	59,620	42,675	159,641	57,192	60,419	107,322
Grand Total	<u>\$ 782,867</u>	<u>\$ 839,527</u>	<u>\$ 921,809</u>	<u>\$ 1,337,271</u>	<u>\$ 1,252,750</u>	<u>\$ 1,452,356</u>	<u>\$ 2,364,592</u>	<u>\$ 1,185,257</u>	<u>\$ 1,252,129</u>	<u>\$ 1,474,360</u>

Source: District Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2025
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools Insurance Group:		
Property - Blanket Building & Contents	\$ 401,222,189	\$ 5,000
Comprehensive General Liability	31,000,000	
Comprehensive Automobile Liability	31,000,000	
Boiler and Machinery - Property Damage	100,000,000	
Board of Education Legal Liability Coverage A (E&O and EPLI)	31,000,000	100,000
Board of Education Legal Liability Coverage B - Each Policy Period	100,000	
Aggregate	300,000	
Cyber Liability Each Event Limit	2,000,000	Various
Crisis Management	1,000,000	
Public Employees' Faithful Performance Blanket Position Bond	500,000	1,000
Computer Fraud	500,000	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	
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
Star Insurance Company		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		600,000
Cash Flow Protection Endorsement	275,000	
Edwin Brown - Assistant Business Administrator	250,000	
Christina Hunt - Business Administrator	550,000	
Beth Brooks - School Treasurer	600,000	
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 Accident & Health	500,000	
BASE-Limit including all sports activities - Standard Plan, Medical		
Benefit Period - 3 years	25,000	
CAT-Limit including all sports activities - Excess Coverage Plan, Medical		
Benefit Period - 10 years	5,000,000	25,000
Catastrophic Cash	1,000,000	

Source: District's records

Single Audit Section

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

Independent Auditors' Report

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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Montclair Township School District, in the County of Essex, New Jersey (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 6, 2026 in which we issued qualified opinions for the Governmental Activities, Business-type Activities and the Food Service Enterprise Fund and unmodified opinions on the General, Special Revenue, Capital Projects, Debt Service, Summer Program and Provisional Teacher Funds.

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.

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Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, 2025-006, and 2025-007 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-007.

Montclair Township School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to finding identified in our 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 the financial statements and, accordingly, we express no opinion on the response.

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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 6, 2026

Anthony Branco

Anthony Branco, CPA
Licensed Public School Accountant No. 2515

**Report on Compliance for Each Major Federal and State
Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance and NJ OMB Circular 15-08**

Independent Auditors' Report

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

Opinion on Each Major Federal and State Program

We have audited the Montclair Township School District's, in the County of Essex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2025. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("Government Auditing Standards"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance 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 OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey 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.

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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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding 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 Auditors' 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 deficiency in internal control that we consider to be a significant deficiency. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 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 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-007 to be material weaknesses.

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

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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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 6, 2026

Anthony Branco

Anthony Branco, CPA
Licensed Public School Accountant No. 2515

Montclair Township School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2024	Cash Received	Total Budgetary Expenditures	Adjustments	Provided to Subrecipients	Balance at June 30, 2025		
					From	To						(Accounts Receivable)	Unearned Revenue	Due to Grantor
General Fund:														
U.S. Department of Health and Human Services - Passed Through State Department of Human Services														
Medicaid Cluster:														
Medical Assistance Program (SEMI)	93.778	2505NJ5MAP	100-054-7540-211	\$ 36,081	7/1/24	6/30/25		\$ 36,081	\$ (36,081)					
U.S. Department of Homeland Security - Passed Through State Department of Law and Public Safety:														
Public Assistance Grants - New Jersey Remnants of Hurricane Ida	97.036	Not available	Not available	22,500	7/1/24	6/30/25		22,500	(22,500)					
Total General Fund								58,581	(58,581)					
Special Revenue Fund:														
U.S. Department of Education - Passed Through State Department of Education														
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A240030	NCLB-2940-08	779,092	7/1/24	9/30/25		215,602	(400,923)			\$ (185,321)		
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A230030	NCLB-2940-08	679,555	7/1/23	9/30/24	\$ (319,277)	501,340	(182,076)	\$ 13		-		
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A220030	NCLB-2940-08	1,273,682	7/1/22	9/30/23	11,127							\$ 11,127
Title I, Part A, SIA	84.010A	S010A200030	NCLB-2940-08	62,500	7/1/24	9/30/25			(1,189)			(1,189)		
Title I, Part A, SIA	84.010A	S010A230030	NCLB-2940-08	62,990	7/1/23	9/30/24	(17,865)	20,371	(2,506)					
Title I, Part A, SIA	84.010A	S010A240030	NCLB-2940-08	87,684	7/1/22	9/30/23	1,190							1,190
Subtotal of Title I Part A							(324,825)	737,313	(586,694)	13		(186,510)		12,317
Special Education Cluster:														
IDEA Special Education Grants to States	84.027A	H027A240100	FT294008	1,886,091	7/1/24	9/30/25		1,280,404	(1,639,025)			(358,621)		
IDEA Special Education Grants to States	84.027A	H027A230100	FT294008	1,954,675	7/1/23	9/30/24	(474,890)	553,355	(134,538)	63,212				7,139
IDEA Special Education Grants to States	84.027A	H027A230100	FT294008	69,074	7/1/22	9/30/23		896						896
IDEA Special Education Grants to States - Preschool	84.173	H173A240114	PS294007	91,861	7/1/24	9/30/25		49,478	(61,064)			(11,586)		
IDEA Special Education Grants to States - Preschool	84.173	H173A230114	PS294007	72,730	7/1/23	9/30/24	(14,631)	15,476						845
IDEA - COVID 19 ARP Basic	84.027X	H027A200100	FT294008	375,294	7/1/21	9/30/23	17,645							17,645
Subtotal of Special Education Cluster:							(470,980)	1,898,713	(1,834,627)	63,212		(370,207)		26,525
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A240029	NCLB-2940-07	221,407	7/1/24	9/30/25		59,440	(109,708)			(50,268)		
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A230029	NCLB-2940-07	250,266	7/1/23	9/30/24	(56,329)	114,200	(62,265)	59,776				55,382
Subtotal of Title II Part A							(56,329)	173,640	(171,973)	59,776		(50,268)		55,382
Title III	84.365	S365A240030	NCLB-2940-07	20,111	7/1/24	9/30/25		9,948	(12,101)			(2,153)		
Title III	84.365	S365A230030	NCLB-2940-07	35,642	7/1/23	9/30/24	(14,195)	35,642	(21,553)	600				494
Title III Immigrant	84.365	S365A240030	NCLB-2940-07	10,397	7/1/24	9/30/25		213	(357)			(144)		
Title III Immigrant	84.365	S365A230030	NCLB-2940-07	11,185	7/1/23	9/30/24		7,641	(4,478)	(3,163)				
Subtotal of Title III							(14,195)	53,444	(38,489)	(2,563)		(2,297)		494
Title IV, Part A	84.424A	S425A240031	NCLB-2940-08	45,215	7/1/24	9/30/25			(5,975)			(5,975)		
Title IV, Part A	84.424A	S424A230031	NCLB-2940-08	102,953	7/1/23	9/30/24		55,382	(55,382)					
Subtotal of Title IV							-	55,382	(61,357)			(5,975)		
Elementary and Secondary School Emergency Relief (ESSER):														
COVID-19 - CARES Emergency Relief Grant	84.425D	CARES041022	N/A	590,042	3/13/20	9/30/22		334						334
COVID-19 - CARES ESSER II	84.425D	S425D210027	N/A	206,830	3/13/20	9/30/23		7,962						7,962
COVID-19 - CR Mental Health (ESSER II)	84.425D	S425D210027	N/A	45,000	3/13/20	9/30/23		12,230						12,230
COVID-19 - American Rescue Plan - ESSER III	84.425U	S425U210027	N/A	5,074,892	3/13/20	9/30/24		32,754	(13,923)					
COVID-19 - Accelerated Learning Coach and Educator Support ESSER III	84.425U	S425U210027	N/A	550,674	3/13/20	9/30/24		62,533		9,000				29,418
COVID-19 - Evidence Based Summer Learning and Enrichment ESSER III	84.425U	S425U210027	N/A	40,000	3/13/20	9/30/24		40,000	(39,623)					377
COVID-19 - Evidence Based Comprehensive Beyond School Day ESSER I	84.425U	S425U210027	N/A	40,000	3/13/20	9/30/24	(23,189)	33,892	(8,951)	89				1,841
COVID-19 - ARP Homeless	84.425W	N/A	N/A	29,745	4/13/21	9/30/24	(8,784)		(1,584)			(10,368)		
Subtotal ESSER							(72,393)	169,179	(64,081)	9,089		(10,368)		52,162
U.S. Department of the Treasury - Passed Through State Department of Education														
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)	21.027	N/A	N/A	516,265	7/1/23	9/30/24	(513,998)	516,265						2,267
COVID-19 COVID ARP Learning Acceleration - NJ High Impact Tutoring Con	21.027	N/A	N/A	230,000	7/1/24	6/30/25		31,532	(137,613)			(106,081)		
Subtotal of Coronavirus Relief Fund							(513,998)	547,797	(137,613)	-		(106,081)		2,267
Total Special Revenue Fund							(1,452,720)	3,635,468	(2,894,834)	129,527		(731,706)		149,147
Enterprise Fund:														
U.S. Department of Agriculture—Passed-Through NJ Department of Agriculture														
Child Nutrition Cluster:														
Food Donation Program (NC)	10.555	251NJ304N1099	N/A	87,968	7/1/24	6/30/25		87,968	(87,893)				\$ 75	
Food Donation Program (NC)	10.555	241NJ304N1099	N/A	61,242	7/1/23	6/30/24	4,074		(4,074)					
National School Lunch Program	10.555	251NJ304N1099	N/A	421,764	7/1/24	6/30/25		346,744	(421,764)			(75,020)		
National School Lunch Program	10.555	241NJ304N1099	N/A	427,683	7/1/23	6/30/24	(81,025)	81,025						
Healthy Hunger-Free Kids Act	10.555	251NJ304N1099	N/A	23,238	7/1/24	6/30/25		18,976	(23,238)			(4,262)		
Healthy Hunger-Free Kids Act	10.555	241NJ304N1099	N/A	34,370	7/1/23	6/30/24	(4,562)	4,562						
School Breakfast Program	10.553	251NJ304N1099	N/A	33,835	7/1/24	6/30/25		27,008	(33,835)			(6,827)		
School Breakfast Program	10.553	241NJ304N1099	N/A	49,111	7/1/23	6/30/24	(11,568)	11,568						
COVID-19 Supply Chain Assistance	10.555	N/A	N/A	142,575	7/1/23	6/30/24	102,600		(102,600)					
Subtotal Child Nutrition Cluster:							9,519	577,851	(673,404)	-		(86,109)	75	
Summer Electronic Benefit Transfer Program for Children	10.646	N/A	N/A	321	7/1/24	6/30/25		322	(322)					
Local Food for Schools (LFS) Cooperative Program	10.185	N/A	N/A	9,180	7/1/24	6/30/25		9,180	(9,180)					
Total Enterprise Fund							9,519	587,353	(682,906)	-		(86,109)	75	
Total Federal Awards							\$ (1,443,201)	\$ 4,281,402	\$ (3,636,321)	\$ 129,527	\$ -	\$ (817,815)	\$ 75	\$149,147

NC-non cash expenditures.

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Montclair Township School District
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2025

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2024				Repayment of Prior Years' Balances	Balance at June 30, 2025			MEMO			
					Unearned Revenue (Accounts Receivable)	Due to Grantor	Transfers	Cash Received		Budgetary Expenditures	Adjustments	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
General Fund:																
State Department of Education:																
Adjustment Aid	24-495-034-5120-085	\$ 322,539	7/1/2023	6/30/2024	\$ (31,528)			\$ 31,528						\$ (31,415)	\$ (322,539)	
Adjustment Aid	25-495-034-5120-085	322,539	7/1/2024	6/30/2025				291,124	\$ (322,539)						(322,539)	
Transportation Aid	24-495-034-5120-014	1,175,389	7/1/2023	6/30/2024	(114,894)			114,894							(1,175,389)	
Transportation Aid	25-495-034-5120-014	1,211,898	7/1/2024	6/30/2025				1,093,860	(1,211,898)					(118,038)	(1,211,898)	
Special Education Categorical Aid	24-495-034-5120-089	6,504,664	7/1/2023	6/30/2024	(635,827)			635,827							(6,504,664)	
Special Education Categorical Aid	25-495-034-5120-089	7,021,827	7/1/2024	6/30/2025				6,337,906	(7,021,827)					(683,921)	(7,021,827)	
Security Aid	24-495-034-5120-084	755,225	7/1/2023	6/30/2024	(73,823)			73,823							(755,225)	
Security Aid	25-495-034-5120-084	761,731	7/1/2024	6/30/2025				687,539	(761,731)					(74,192)	(761,731)	
Extraordinary Aid	24-495-034-5120-044	3,422,088	7/1/2023	6/30/2024	(3,422,088)			3,422,088							(3,422,088)	
Extraordinary Aid	25-495-034-5120-044	3,281,436	7/1/2024	6/30/2025					(3,281,436)		\$ (3,281,436)				(3,281,436)	
Additional Nonpublic School Transportation Costs	24-495-034-5120-014	103,740	7/1/2023	6/30/2024	(103,740)			103,740							(103,740)	
Additional Nonpublic School Transportation Costs	25-495-034-5120-014	111,146	7/1/2024	6/30/2025					(111,146)		(111,146)				(111,146)	
On-Behalf TPAF Medical Contributions (NC)	25-495-034-5094-001	6,395,090	7/1/2024	6/30/2025				6,395,090	(6,395,090)						(6,395,090)	
On-Behalf TPAF Long-Term Disability Insurance (NC)	25-495-034-5094-004	8,977	7/1/2024	6/30/2025				8,977	(8,977)						(8,977)	
On-Behalf TPAF Pension and Annuity Fund (NC)	25-495-034-5094-002	21,885,941	7/1/2024	6/30/2025				21,885,941	(21,885,941)						(21,885,941)	
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	4,570,322	7/1/2023	6/30/2024	(228,792)			228,792							(4,570,322)	
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	4,760,334	7/1/2024	6/30/2025				4,522,947	(4,760,334)			(237,387)			(4,760,334)	
Total General Fund					(4,610,692)			45,834,076	(45,760,919)			(3,629,969)		(907,566)	(62,614,886)	
Special Revenue Fund:																
School Development Authority:																
Emergent and Capital Maintenance Needs	N/A	150,335	7/1/2023	6/30/2024	109,210				(19,037)	\$ 4,141			\$ 94,314		(60,162)	
Local Recreation Improvement Grant	N/A	75,000	4/1/2023	Current				75,000	(75,000)						(75,000)	
State Department of Education:																
Preschool Education Aid	24-495-034-5120-86	2,170,032	7/1/2023	6/30/2024	(212,119)			212,119								
Preschool Education Aid	25-495-034-5120-86	3,779,448	7/1/2024	6/30/2025	282,712		\$ 944,862	3,401,503	(4,616,159)	309,001			699,864	(377,945)		
N.J. Nonpublic Aid:																
Textbook Aid	22-100-034-5120-064	109,837	7/1/2021	6/30/2022		\$ 2,137								\$ 2,137	(72,959)	
Textbook Aid	23-100-034-5120-064	126,060	7/1/2022	6/30/2023		7,929								7,929	(104,860)	
Textbook Aid	24-100-034-5120-064	105,909	7/1/2023	6/30/2024		7,935								5,977	(81,997)	
Textbook Aid	25-100-034-5120-064	90,007	7/1/2024	6/30/2025				90,007	(63,089)	5,977	\$ (7,935)			5,977		
Nursing	25-100-034-5120-070	229,190	7/1/2024	6/30/2025				229,190	(229,190)					26,918	(63,089)	
Technology	23-100-034-5120-373	80,220	7/1/2022	6/30/2023		5,177									(229,190)	
Technology	24-100-034-5120-373	89,768	7/1/2023	6/30/2024		49,833								5,177	(75,043)	
Technology	25-100-034-5120-373	86,240	7/1/2024	6/30/2025				86,240	(85,112)	5,447	(49,833)			1,128	(85,112)	
Security	22-100-034-5120-509	320,425	7/1/2021	6/30/2022		1,425								1,425	(262,227)	
Security	23-100-034-5120-509	391,960	7/1/2022	6/30/2023		578								578	(312,577)	
Security	24-100-034-5120-509	375,560	7/1/2023	6/30/2024		7,248				(7,248)					(262,227)	
Security	25-100-034-5120-509	361,415	7/1/2024	6/30/2025				361,415	(313,151)				48,264		(313,151)	
Auxiliary Services (Chapter 192):																
Compensatory Education	23-100-034-5120-067	109,441	7/1/2022	6/30/2023		1,551				(1,551)					(63,512)	
English as a Second Language	23-100-034-5120-067	1,002	7/1/2022	6/30/2023		1,002								1,002	(1,002)	
Total Nonpublic Auxiliary Service Aid (Chap 192) Cluster:						2,553		-	-		(1,551)			1,002	(64,514)	
Handicapped Services:																
Supplementary Instruction	23-100-034-5120-066	63,602	7/1/2022	6/30/2023		23,045								23,045	(40,557)	
Supplementary Instruction	24-100-034-5120-066	49,994	7/1/2023	6/30/2024		434				6,664	(434)			6,664	(34,553)	
Examination and Classification	23-100-034-5120-066	87,015	7/1/2022	6/30/2023		10,607								10,607	(52,343)	
Examination and Classification	24-100-034-5120-066	76,688	7/1/2023	6/30/2024		76,688					(76,688)					
Corrective Speech	23-100-034-5120-066	18,600	7/1/2022	6/30/2023		6,603								6,603	(18,600)	
Corrective Speech	24-100-034-5120-066	18,600	7/1/2023	6/30/2024		4,650				6,975	(4,650)			6,975	(13,950)	
Total Nonpublic Handicapped Service Aid (Chap 193) Cluster:						122,027		-	-		(81,772)			53,894	(160,003)	
Establishing Advanced Placement African American Studies Grant	24-100-034-5063-368	10,676	4/1/2024	12/31/2024				10,676	(10,676)				-		-	(10,676)
Total Special Revenue Fund					179,803	206,842	944,862	4,466,150	(5,411,414)	338,205	(148,339)	-	794,178	159,876	(377,945)	(2,303,492)
Capital Projects Fund:																
State Schools Development Authority:																
Educational Facilities Construction & Financing Act	Various	990,572	7/1/2014	6/30/2020	(990,572)										(990,572)	(990,572)
Educational Facilities Construction & Financing Act	Various	7,839,987	Various	Various	(1,032,976)										(1,032,976)	(6,531,385)
Total Capital Projects Fund					(2,023,548)	-	-	-	-			-	-	-	(2,023,548)	(7,521,957)
Debt Service Fund:																
Debt Service Aid	25-495-034-5120-075	1,446,408	7/1/2024	6/30/2025				1,446,408	(1,446,408)							(1,446,408)
Total Debt Service Fund								1,446,408	(1,446,408)							(1,446,408)
Enterprise Fund:																
State Department of Agriculture:																
School Lunch Program (State Share)	25-100-010-3350-023	21,430	7/1/2024	6/30/2025				17,596	(21,430)			(3,834)				(21,430)
School Lunch Program (State Share)	24-100-010-3350-023	24,087	7/1/2023	6/30/2024	(4,566)			4,566								(24,087)
New Jersey Extended Income Eligibility Lunch	25-100-010-3350-023	9,977	7/1/2024	6/30/2025				8,024	(9,977)			(1,953)				(9,977)
New Jersey Extended Income Eligibility Lunch	24-100-010-3350-023	3,007	7/1/2023	6/30/2024	(393)			393								(3,007)
School Breakfast Program (State Share)	25-100-010-3350-023	612	7/1/2024	6/30/2025				501	(612)			(111)				(612)
School Breakfast Program (State Share)	24-100-010-3350-023	914	7/1/2023	6/30/2024	(193)			193								(914)
New Jersey Extended Income Eligibility Breakfast	25-100-010-3350-023	1,544	7/1/2024	6/30/2025				1,251	(1,544)			(293)				(1,544)
New Jersey Extended Income Eligibility Breakfast	24-100-010-3350-023	240	7/1/2023	6/30/2024	(92)			92								(240)
Summer Electronic Benefit Transfer Program for Children	N/A	322	7/1/2024	6/30/2025				322	(322)							(322)
Total Enterprise Fund					(5,244)			32,938	(33,885)			(6,191)			-	(62,133)
Total State Financial Assistance					(6,459,681)	206,842	944,862	51,779,572	(52,652,626)	338,205	(148,339)	(3,636,160)	794,178	159,876	(3,309,059)	(73,948,876)
State Financial Assistance Not Subject to Single Audit Determination:																
General Fund:																
On-Behalf TPAF Medical Contributions (NC)	25-495-034-5094-001	6,395,090	7/1/2024	6/30/2025				(6,395,090)	6,395,090							(6,395,090)
On-Behalf TPAF Long-Term Disability Insurance (NC)	25-495-034-5094-004	8,977	7/1/2024	6/30/2025				(8,977)	8,977							(8,977)
On-Behalf TPAF Pension and Annuity Fund (NC)	25-495-034-5094-002	21,885,941	7/1/2024	6/30/2025				(21,885,941)	21,885,941							(21,885,941)
Total State Financial Assistance Subject to Single Audit Determination					\$ (6,459,681)	\$ 206,842	\$ 944,862	\$ 23,489,564	\$ (24,362,618)	\$ 338,205	\$ (148,339)	\$ (3,636,160)	\$ 794,178	\$ 159,876	\$ (3,309,059)	\$(102,238,884)

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Montclair School District. The District is defined in Note 1(A) to the District's financial statements. All federal awards received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of basic financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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 revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$51,494 for the general fund and an increase of \$644,349 for the special revenue fund. See the Notes to Required Supplementary Information 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 revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 58,581	\$ 45,709,425	\$ 45,768,006
Special Revenue Fund	3,346,350	4,654,493	8,000,843
Debt Service Fund		1,446,408	1,446,408
Food Service Fund	<u>682,906</u>	<u>33,885</u>	<u>716,791</u>
Total Financial Assistance	<u>\$ 4,087,837</u>	<u>\$ 51,844,211</u>	<u>\$ 55,932,048</u>

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$4,760,334 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2025. The amount reported as TPAF Pension System Contributions in the amount of \$21,885,941, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,395,090 and TPAF Long-Term Disability Insurance in the amount of \$8,977 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2025.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

NOTE 8 EXPLANATION OF ADJUSTMENTS COLUMN

The adjustment column includes amounts necessary to reconcile program revenues and expenditures to the amounts reported in the District's financial statements.

In the Special Revenue Fund, adjustments primarily represent the cancellation of prior-year encumbrances, which reduced and reversed grant expenditures previously reported.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART 1- SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified opinions for the
Governmental Activities, Business-type
Activities and the Food Service
Enterprise Fund and Unmodified
opinions on the General, Special
Revenue, Capital Projects, Debt
Service, Summer Program and
Provisional Teacher Funds

Internal control over financial reporting:

Are any material weaknesses identified?

 X Yes No

Are any significant deficiencies identified?

 Yes X None
Reported

Is any noncompliance material to financial statements noted?

 X Yes No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?

 Yes X No

Are any significant deficiencies identified?

 Yes X None
Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART 1- SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Federal Awards Section (continued)

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
		<u>Special Education Cluster:</u>
84.027	H027A240100	IDEA, PART B
84.173	H173A240114	IDEA, PRESCHOOL

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART 1- SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

State Financial Assistance

Internal control over major state programs:

Are any material weaknesses identified? X Yes No

Are any significant deficiencies identified? Yes X None Reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? X Yes No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	<u>State Aid Cluster:</u>
495-034-5120-085	Adjustment Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-086	Preschool Education Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-001 – Material Weakness – Financial Statement Close Process

Criteria or Specific Requirement:

A well-designed financial statement close process includes effective month and year-end internal controls that support the timely preparation of financial statements and help ensure balances are materially accurate and supported.

Condition:

District accounting personnel perform various financial statement close related activities on a monthly and year-end basis, including journal entries, accruals, and reconciliations. However, the District does not have a formalized process for reconciling and reviewing account balances in a comprehensive and timely manner to ensure account balances are materially accurate and that misstatements are detected.

Context:

During our audit procedures, we identified a number of items that required adjustment to align general ledger balances with subsidiary records, supporting documentation, and applicable accounting requirements. These matters primarily related to the timing and classification of various assets, liabilities, expenditures, and cash activity, as well as the reconciliation of interfund balances. It also included misclassifications of liabilities within fiscal years including a material liability with the Essex Regional Educational Services Commission not being recorded.

Collectively, these items indicate that elements of the financial statement close process were not fully reconciled or reviewed prior to year-end.

Cause and Effect:

The condition appears to result from the absence of a structured and documented year-end close process, insufficient reconciliation procedures, limited supervisory review, and system-level reporting inconsistencies that were not identified or corrected prior to audit.

As a result, material misstatements were not prevented or detected on a timely basis. Financial information presented to the Board was subject to material correction, fund balances and grant activity were misstated, and budgetary monitoring was weakened.

Recommendation:

We suggest that the District implement a formal monthly and year-end close process, including comprehensive reconciliations of all balance sheet accounts, general ledger-to-subsidiary verification, documented supervisory review and sign-off, and confirmation that Board reports are based on reconciled financial data.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-001 – Material Weakness – Financial Statement Close Process (Cont'd)

View of Responsible Officials and Planned Corrective Action:

District management concurs with the finding and noted that turnover of key personnel during the fiscal year significantly affected certain financial functions and operations. The District will develop a corrective action plan that includes developing and implementing a more formal financial statement close process that includes monthly account reconciliations, standardized reports, and internal controls designed to ensure general ledger balances are properly reconciled to supporting records.

Finding 2025-002 – Material Weakness – Budget Over-expenditures and Deficit in the General Fund

Criteria or Specific Requirement:

GAAP Technical Systems Manual; NJAC 6A:23A-13.3; and NJAC 6A:23A-16.10.

Condition:

During the audit, we noted thirty-five budget line accounts in the General Fund, three in the Special Revenue Fund and one in the Debt Service Fund that were over-expended as of June 30, 2025. It was also noted that transfers in excess of 10% were made without the required approval of the County Superintendent. Additionally, the General Fund incurred a deficit budgetary basis unassigned fund balance of \$13,635,908 as of June 30, 2025.

Context:

As a result of the significant number of budget line accounts over-expended, as well as misclassifications of liabilities within fiscal years including a material liability with the Essex Regional Educational Services Commission not being recorded, the District incurred a deficit in the budgetary basis fund balance of the General Fund.

Cause and Effect:

The condition resulted from insufficient budget monitoring procedures, delayed review of monthly budget-to-actual reports, and failure to implement timely corrective action when expenditures approached or exceeded appropriations. Budget transfer procedures were not consistently executed prior to exceeding the legal level of control.

As a result, expenditures exceeded authorized appropriations, representing noncompliance with statutory budgetary requirements. The failure to prevent or detect over-expenditures in a timely manner increases the risk of material misstatement of the budgetary system and undermines the integrity of fiscal oversight.

In addition, because the General Fund incurred a deficit in its fund balance, it was necessary for the District to utilize monies from the Capital Projects and Debt Service Funds to provide interfund loans to the General Fund.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-002 – Material Weakness – Budget Over-expenditures and Deficit in the General Fund (Cont'd)

Recommendation:

We suggest that the District review its internal controls and implement additional procedures to ensure sufficient budget appropriations are available prior to the issuance of purchase orders and the obligations of funds. Additionally, the District should review system functionality of its financial software to ensure information technology controls are operating as intended as well as ensuring staff are appropriately trained to utilize the financial software.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

Finding 2025-003 – Material Weakness – Food Service Fund Deficit

Criteria or Specific Requirement:

GAAP Technical Systems Manual; NJAC 6A:23A-16.10.

Condition:

Our audit revealed the Food Service Fund incurred a loss of \$912,185 for the fiscal year 2024/2025 and required a contribution from the General Fund in the amount of \$749,348. This resulted in an accumulated deficit in unrestricted net position in the Food Service Fund on June 30, 2025, of \$450,131.

Context:

The District initially entered into a food service management company contract with Southwest Foodservice Excellence whereby the company guaranteed the District a loss of \$125,293. Subsequently in October 2024, the District's administration executed an agreement that agreed to waiving all financial and other guarantees contained in the request for proposal without Board approval. This resulted in a settlement agreement between the District and the company whereby the District paid the company \$519,793 to settle all disputes regarding the contract. Ultimately, the District's Food Service Fund incurred a loss of \$912,185 for the fiscal year 2024/2025 and required a contribution from the General Fund in the amount of \$749,348.

Cause and Effect:

The guaranteed return under the FSMC contract was not realized due to Food Service operating results that fell short of contractual expectations, resulting in revenues insufficient to cover operating costs. As a result, the Food Service Enterprise Fund's financial position continued to deteriorate, increasing the deficit unrestricted net position to \$450,131 at year-end. Continued operating losses may require the District to provide financial support from other funds, potentially impacting resources available for instructional and other District priorities.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-003 – Material Weakness – Food Service Fund Deficit (Cont'd)

Recommendation:

We suggest that contract provisions be reviewed with the food service provider in an effort to recoup the guaranteed return as provided in the contract award. Additionally, the District should review monthly food service operating statements on a periodic basis as well as review food service operations to ensure the long-term financial sustainability of the fund.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

Finding 2025-004 – Material Weakness – Capital Assets

Criteria or Specific Requirement:

In accordance with generally accepted accounting principles and GASB standards, school districts are required to maintain complete and accurate capital asset records. Capital asset reporting must include:

- Accurate recording of asset acquisitions, disposals, and transfers;
- Proper classification of land, buildings, improvements, equipment, and construction in progress;
- Systematic calculation and recording of depreciation expense;
- Periodic reconciliation of subsidiary capital asset records to the general ledger; and
- Adequate documentation supporting asset existence and valuation.

Effective internal control over capital assets requires documented procedures for tracking, reconciling, reviewing, and periodically evaluating asset balances to ensure accurate financial reporting.

Condition:

During the audit, it was noted that an updated capital asset inventory had not been performed and sufficient supporting documentation was not available to substantiate reported capital asset balances and related depreciation expense.

Context:

The District has not maintained a detailed capital asset inventory for a number of years and has utilized the same amount for depreciation expense, \$2,495,684, every year since at least 2019.

Cause and Effect:

The District did not maintain formalized procedures for periodic inventory, reconciliation of capital asset subsidiary records to the general ledger, or documented supervisory oversight of capital asset reporting. Without updated inventories or comprehensive reconciliation controls, asset additions, disposals, accumulated depreciation, and construction in progress balances were not verified for accuracy and completeness.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-004 – Material Weakness – Capital Assets (Cont'd)

As a result, capital asset balances and related depreciation expense may be materially misstated. Because capital assets represent a significant portion of the District's government-wide financial statements, the absence of sufficient supporting documentation and inventory review prevented the auditors from obtaining appropriate audit evidence, contributing to a qualified audit opinion.

Recommendation:

The District should engage qualified professionals to conduct an updated inventory of assets and review of depreciation expense and maintain a permanent record of a capital asset ledger that is updated on an annual basis.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

Finding 2025-005 – Material Weakness – GASB 101 – *Compensated Absences*

Criteria or Specific Requirement:

GASB Statement No. 101, *Compensated Absences*, requires governments to recognize a liability for leave benefits, including vacation and other compensated absences, as employees earn the benefits and when it is more likely than not that the leave will be used or paid.

The standard requires that the liability be:

- Measured in accordance with GASB 101 guidance;
- Supported by appropriate payroll records and leave balances;
- Properly recorded in the government-wide financial statements; and
- Adequately disclosed in the notes to the financial statements.

Effective internal control requires documented procedures to calculate, review, reconcile, and retain supporting documentation for long-term liabilities.

Condition:

During the audit, supporting documentation for the compensated absence liability calculation was not provided. The District was unable to produce sufficient records supporting employee leave balances, calculation methodology, or management review of the reported liability amount.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-005 – Material Weakness – GASB 101 – *Compensated Absences* (Cont'd)

Context:

The compensated absence liability calculation is required to be done on an annual basis; however, GASB 101 updated the manner in which the calculation was required to be performed.

Cause and Effect:

The District did not maintain formalized procedures for calculating, documenting, and reviewing compensated absence liabilities in accordance with GASB 101. Compiling the leave data and calculating the liability was not performed.

The absence of supporting documentation prevented the auditors from obtaining sufficient appropriate audit evidence regarding the completeness and accuracy of the liability balance, resulting in a qualification of the audit opinion.

Recommendation:

The District should develop and implement documented annual procedures for calculating compensated absence liabilities.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

Finding 2025-006 – Material Weakness – Controls over Encumbrances and Accounts Payable

Criteria or Specific Requirement:

Effective internal control requires accurate encumbrance accounting, distinction between liabilities and encumbrances, and reconciliation of accounts payable subsidiary ledgers to the general ledger.

Condition:

During our audit, numerous deficiencies were identified in the District's encumbrance and accounts payable processes. The following matters were noted:

- A duplicate purchase order accrual resulting in an approximate \$500,000 overstatement of expenditures and liabilities.
- All open purchase orders recorded in accounts payable due to the absence of a review process to distinguish between liabilities and encumbrances.
- Numerous cancellations of prior-year encumbrances, including instances where prior-year encumbrances were recorded twice and subsequently charged to current-year expenditures.
- Open purchase orders were not reviewed timely.
- Accounts payable subsidiary reports not agreeing to the trial balance.
- Numerous confirming orders were noted during our testing.
- Supporting invoices were not available for all purchase orders reviewed.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

Finding 2025-006 – Material Weakness – Controls over Encumbrances and Accounts Payable (Cont'd)

Context:

The District is required to utilize an encumbrance accounting system and maintain subsidiary records that agree to its general ledger.

Cause and Effect:

The condition resulted from the lack of timely review of open purchase orders and inadequate reconciliation procedures. As a result, expenditures and liabilities were materially misstated and not detected through appropriately designed internal controls.

Recommendation:

The District should implement monthly encumbrance and accounts payable reconciliations with supervisory review and approval.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

Finding 2025-007 – Material Weakness – Local Contribution to Preschool Education Aid

Criteria or Specific Requirement:

NJDOE regulations governing Preschool Education Aid (PEA) require districts receiving such aid to calculate and contribute a required local share in accordance with state-established funding formulas. The required local contribution is intended to represent a transfer of local funds supporting the preschool program and must be properly calculated and recorded.

Districts are responsible for:

- Accurately recording preschool-related revenues and expenditures in the appropriate funds and accounts;
- Ensuring the required local contribution is reflected as a cash transfer in accordance with NJDOE guidance;
- Maintaining documentation supporting the calculation of the required contribution; and
- Ensuring financial data used in the contribution calculation is complete and properly classified.

Effective internal control requires documented review procedures to ensure preschool funding activity is properly recorded and that the required local contribution is calculated and reported accurately.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

**Finding 2025-007 – Material Weakness – Local Contribution to Preschool Education Aid
(Cont'd)**

Condition:

During the audit, errors in the classification of preschool-related revenues and expenditures were identified. Specifically, the account line representing the required local contribution included payments made directly to outside vendors not related to the preschool program, rather than reflecting a cash transfer from the General Fund to the Special Revenue Fund as intended under NJDOE guidance.

As a result, certain expenditures were required to be reallocated to the appropriate accounts to properly reflect the local contribution and related preschool activity.

Context:

\$944,862 of expenditures were improperly accounted for and had to be reclassified within the District's accounting records.

Cause and Effect:

Review procedures over preschool funding classifications and the calculation of the required local contribution were not sufficiently formalized or documented. Responsibility for ensuring that the local contribution line represented a cash transfer, rather than direct vendor expenditures, was not supported by documented supervisory review of internal controls.

As a result, expenditures were misclassified, requiring reallocation during the audit process to properly reflect the required local contribution. This misclassification increases the risk that the District's calculated local share may be inaccurate and could result in funding adjustments, repayment exposure, or additional scrutiny by the NJDOE.

Recommendation:

The District should implement documented annual procedures for calculating and reviewing the required local contribution from the General Fund to the Special Revenue Fund for Preschool Education Aid.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**PART III – SCHEDULE OF FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE
FINDINGS AND QUESTIONED COSTS**

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding 2025-002 – Material Weakness – Budget Over-expenditures and Deficit in the General Fund

State Program Information:

State Aid Cluster: Adjustment Aid, Special Education Categorical Aid, and Security Aid

Criteria or Specific Requirement:

GAAP Technical Systems Manual; NJAC 6A:23A-13.3; and NJAC 6A:23A-16.10.

Condition:

During the audit, we noted thirty-five budget line accounts in the General Fund, three in the Special Revenue Fund, and one in the Debt Service Fund that were over-expended as of June 30, 2025. Additionally, the General Fund incurred a deficit budgetary basis unassigned fund balance of \$13,635,908 as of June 30, 2025.

Context:

As a result of the significant number of budget line accounts over-expended, as well as misclassifications of liabilities within fiscal years including a material liability with the Essex Regional Educational Services Commission not being recorded, the District incurred a deficit in the budgetary basis fund balance of the General Fund.

Cause and Effect:

The condition resulted from insufficient budget monitoring procedures, delayed review of monthly budget-to-actual reports, and failure to implement timely corrective action when expenditures approached or exceeded appropriations. Budget transfer procedures were not consistently executed prior to exceeding the legal level of control.

As a result, expenditures exceeded authorized appropriations, representing noncompliance with statutory budgetary requirements. The failure to prevent or detect over-expenditures in a timely manner increases the risk of material misstatement of the budgetary system and undermines the integrity of fiscal oversight.

In addition, because the General Fund incurred a deficit in its fund balance, it was necessary for the District to utilize monies from the Capital Projects and Debt Service Funds to provide interfund loans to the General Fund.

Recommendation:

We suggest that the District review its internal controls and implement additional procedures to ensure sufficient budget appropriations are available prior to the issuance of purchase orders and the obligations of funds. Additionally, the District should review system functionality of its financial software to ensure information technology controls are operating as intended as well as ensuring staff are appropriately trained to utilize the financial software.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**PART III – SCHEDULE OF FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE
FINDINGS AND QUESTIONED COSTS**

Finding 2025-002 – Material Weakness – Budget Over-expenditures and Deficit in the General Fund (Cont'd)

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

Finding 2025-007 – Material Weakness – Local Contribution to Preschool Education Aid

State Program Information:

Preschool Education Aid

Criteria or Specific Requirement:

NJDOE regulations governing Preschool Education Aid (PEA) require districts receiving such aid to calculate and contribute a required local share in accordance with state-established funding formulas. The required local contribution is intended to represent a transfer of local funds supporting the preschool program and must be properly calculated and recorded.

Districts are responsible for:

- Accurately recording preschool-related revenues and expenditures in the appropriate funds and accounts;
- Ensuring the required local contribution is reflected as a cash transfer in accordance with NJDOE guidance;
- Maintaining documentation supporting the calculation of the required contribution; and
- Ensuring financial data used in the contribution calculation is complete and properly classified.

Effective internal control requires documented review procedures to ensure preschool funding activity is properly recorded and that the required local contribution is calculated and reported accurately.

Condition:

During the audit, errors in the classification of preschool-related revenues and expenditures were identified. Specifically, the account line representing the required local contribution included payments made directly to outside vendors not related to the preschool program, rather than reflecting a cash transfer from the General Fund to the Special Revenue Fund as intended under NJDOE guidance.

As a result, certain expenditures were required to be reallocated to the appropriate accounts to properly reflect the local contribution and related preschool activity.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**PART III – SCHEDULE OF FEDERAL AWARD AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS**

**Finding 2025-007 – Material Weakness – Local Contribution to Preschool Education
Aid (Cont'd)**

Context:

\$944,862 of expenditures were improperly accounted for and had to be reclassified within the District's accounting records.

Cause and Effect:

Review procedures over preschool funding classifications and the calculation of the required local contribution were not sufficiently formalized or documented. Responsibility for ensuring that the local contribution line represented a cash transfer, rather than direct vendor expenditures, was not supported by documented supervisory review of internal controls.

As a result, expenditures were misclassified, requiring reallocation during the audit process to properly reflect the required local contribution. This misclassification increases the risk that the District's calculated local share may be inaccurate and could result in funding adjustments, repayment exposure, or additional scrutiny by the NJDOE.

Recommendation:

The District should implement documented annual procedures for calculating and reviewing the required local contribution from the General Fund to the Special Revenue Fund for Preschool Education Aid.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.