

**SCHOOL DISTRICT  
OF THE  
TOWNSHIP OF MONTCLAIR**

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

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

**Annual Comprehensive  
Financial Report**

**of the**

**Township of Montclair School District**

**Montclair, New Jersey**

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

**Prepared by**

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

**Finance Department**

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**INTRODUCTORY SECTION  
(UNAUDITED)**



# MONTCLAIR PUBLIC SCHOOLS

## BUSINESS OFFICE

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

February 15, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Montclair School District (the "District") for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2021-2022 fiscal year with an enrollment of 6,048 students, which is a decrease of 453 students from the previous year's enrollment.

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

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

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

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

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

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

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



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

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

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

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

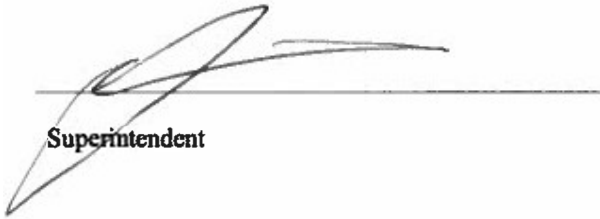
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District.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

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

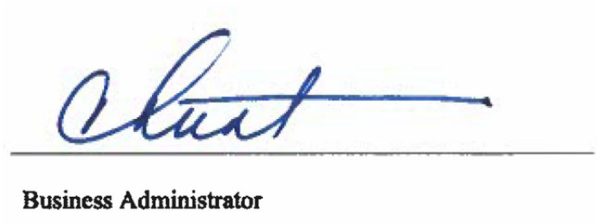
The Honorable President and Members of  
the Board of Education  
Montclair School District  
Page 4  
February 25, 2023

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

Respectfully submitted,



Superintendent



Business Administrator

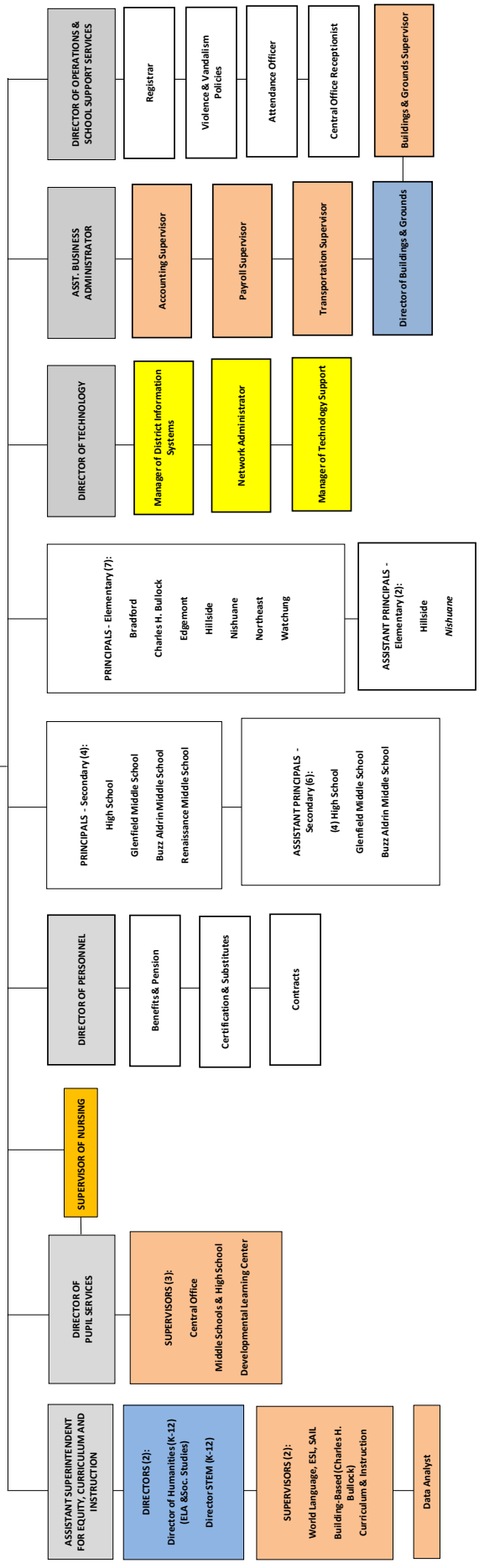


# BOARD OF EDUCATION

BUSINESS ADMINISTRATOR/  
BOARD SECRETARY

ASSISTANT BOARD SECRETARY

SUPERINTENDENT



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

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Latifah Jannah, President	2022
Priscilla Church, Vice President	2022
Mfreke “Monk” Inyang	2022
Melanie Deysher	2023
Phaedra Dunn	2023
Allison Silverstein	2023
Katherine Weller-Demming	2024
Crystal Hopkins	2024
Eric Scherzer	2024

<u>Other Officers</u>	<u>Title</u>
Dr. Jonathan Ponds	Superintendent of Schools
Andrea Del Guercio	Treasurer of School Monies
Nicholas Cipriano	School Business Administrator/Board Secretary (Until 6/2022)
Christina Hunt	School Business Administrator/Board Secretary (Beginning 8/2022)

# **MONTCLAIR TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors

## **Architects**

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

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

## **Attorneys**

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

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

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

## **Audit Firm**

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

## **Official Depositories**

Valley National Bank  
1460 Valley Road  
Wayne, New Jersey 07470

Investors Savings Bank  
505 Bloomfield Avenue  
Montclair, New Jersey 07042

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

**FINANCIAL SECTION**

## Independent Auditors' Report

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

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

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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



***Supplementary Information***

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

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

February 15, 2023  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*  
\_\_\_\_\_  
Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

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

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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

### Overview of the Financial Statements

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

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

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

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

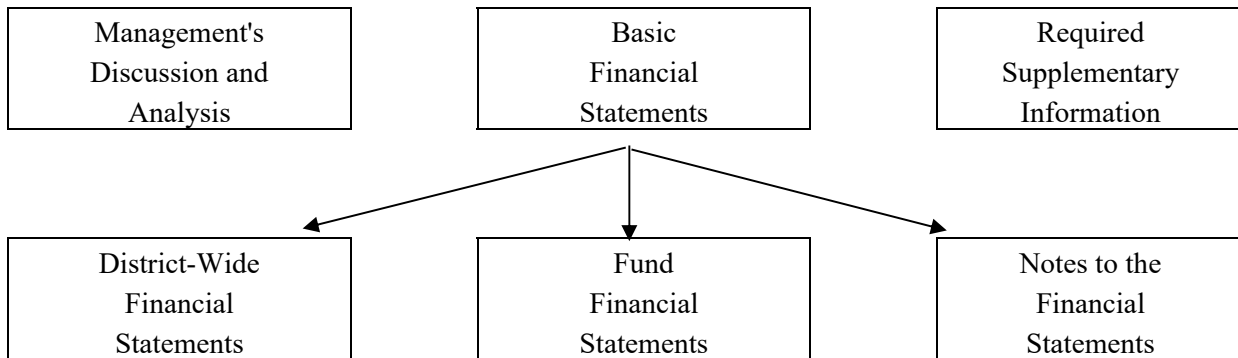


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

**Figure A-2**

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

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

## **Management Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

### ***District-wide Statements***

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

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

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

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

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

### ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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

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

### Financial Analysis of the District as a Whole

*Net Position.* The District's *combined* net position was \$43,020,976 on June 30, 2022, \$5,104,023 or 13.46% more than it was the fiscal year before (See Figure A-3). Net investment in capital assets increased \$5,227,596 due to capital asset additions and maturities of financed purchases, offset by current fiscal year depreciation. Restricted net position increased \$24,375 primarily as a result of net increases in unemployment compensation, workers compensation and student activities, offset by a decrease in excess surplus and maintenance reserve. The unrestricted net position decreased by \$147,948 primarily due to the increase in compensated absences payable, offset by the increase in assigned fund balance, and the changes in net pension liability and deferred inflows and outflows of resources related to pensions.

**Figure A-3**

#### Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Current and Other Assets	\$ 22,886,736	\$ 23,035,197	\$ 892,000	\$ 555,670	\$ 23,778,736	\$ 23,590,867	
Capital Assets, Net	75,160,369	70,310,105	108,576	131,692	75,268,945	70,441,797	
Total Assets	98,047,105	93,345,302	1,000,576	687,362	99,047,681	94,032,664	5.33%
Deferred Outflows of Resources	2,481,307	4,208,331			2,481,307	4,208,331	-41.04%
Other Liabilities	10,684,980	4,858,037	378,075	282,461	11,063,055	5,140,498	
Long-Term Liabilities	34,302,705	41,853,346			34,302,705	41,853,346	
Total Liabilities	44,987,685	46,711,383	378,075	282,461	45,365,760	46,993,844	-3.46%
Deferred Inflows of Resources	13,142,252	13,330,198			13,142,252	13,330,198	-1.41%
Net Position:							
Net Investment in Capital Assets	64,624,515	59,373,803	108,576	131,692	64,733,091	59,505,495	
Restricted	4,262,899	4,238,524			4,262,899	4,238,524	
Unrestricted/(Deficit)	(26,488,939)	(26,100,275)	513,925	273,209	(25,975,014)	(25,827,066)	
Total Net Position	\$ 42,398,475	\$ 37,512,052	\$ 622,501	\$ 404,901	\$ 43,020,976	\$ 37,916,953	13.46%

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2022

*Changes in Net Position.* The District's combined net position increased \$5,104,023 or 16.12%. Net position from governmental activities increased by \$4,886,423 and net position from business-type activities increased by \$217,600 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Revenue:							
Program Revenue:							
Charges for Services	\$ 504,251	\$ 436,757	\$ 447,375	\$ 99,100	\$ 951,626	\$ 535,857	
Grants and Contributions:							
Operating	68,535,856	44,893,550	1,833,838	618,568	70,369,694	45,512,118	
Capital	4,210,506	1,299,430			4,210,506	1,299,430	
General Revenue:							
Property Taxes	123,037,813	120,625,307			123,037,813	120,625,307	
Federal and State Aid Not Restricted	382,298	1,158,116			382,298	1,158,116	
Other	481,766	346,819	43,096	18,720	524,862	365,539	
Total Revenue	<u>197,152,490</u>	<u>168,759,979</u>	<u>2,324,309</u>	<u>736,388</u>	<u>199,476,799</u>	<u>169,496,367</u>	17.69%
Expenses:							
Instruction	114,908,031	85,259,372			114,908,031	85,259,372	
Pupil and Instruction Services	39,115,094	45,642,821			39,115,094	45,642,821	
Administrative and Business	15,004,393	14,596,732			15,004,393	14,596,732	
Maintenance and Operations	12,026,941	13,252,878			12,026,941	13,252,878	
Transportation	8,968,947	3,691,149			8,968,947	3,691,149	
Other	2,242,661	2,042,867	2,106,709	615,059	4,349,370	2,657,926	
Total Expenses	<u>192,266,067</u>	<u>164,485,819</u>	<u>2,106,709</u>	<u>615,059</u>	<u>194,372,776</u>	<u>165,100,878</u>	17.73%
Change in Net Position	<u>\$ 4,886,423</u>	<u>\$ 4,274,160</u>	<u>\$ 217,600</u>	<u>\$ 121,329</u>	<u>\$ 5,104,023</u>	<u>\$ 4,395,489</u>	16.12%

### Governmental Activities

Net position from the District's governmental activities increased by \$4,886,423 in the current fiscal year. A majority of all revenue for the Montclair Township School District is collected through property taxes and state aid. For the fiscal year 2021-2022, the District was required to seek Board of School Estimate approval of its budget.

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

**Governmental Activities (Cont'd)**

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

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

	Total Cost of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 114,908,031	\$ 85,259,372	\$ 57,361,567	\$ 57,252,048
Pupil and Instruction Services	39,115,094	45,642,821	32,332,144	34,116,243
Administrative and Business	15,004,393	14,596,732	11,636,409	11,820,504
Maintenance and Operations	12,026,941	13,252,878	7,773,650	10,299,281
Transportation	8,968,947	3,691,149	7,669,023	2,325,139
Other	2,242,661	2,042,867	2,242,661	2,042,867
	<u>\$ 192,266,067</u>	<u>\$ 164,485,819</u>	<u>\$ 119,015,454</u>	<u>\$ 117,856,082</u>

**Business-Type Activities**

- Net position from the District's business-type activity increased \$217,600. The increase in the Food Service Fund of \$233,559 was a result of additional federal funding received under the Seamless Summer Option Program. The non-major funds reflected a decrease of \$15,959. (Refer to Figure A-4).

**General Fund Budgetary Highlights**

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



**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

**Capital Asset and Long Term Liabilities Administration**

**Figure A-6**

**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	Change 2021/2022
Land	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	
Buildings & Building Improvements	65,392,832	61,707,484			65,392,832	61,707,484	
Machinery & Equipment	4,580,182	3,415,266	\$ 108,576	\$ 131,692	4,688,758	3,546,958	
Total Capital Assets, Net of Depreciation	<u>\$ 75,160,369</u>	<u>\$ 70,310,105</u>	<u>\$ 108,576</u>	<u>\$ 131,692</u>	<u>\$ 75,268,945</u>	<u>\$ 70,441,797</u>	<u>6.85%</u>

The District’s capital assets increased by \$4,827,148. Total capital acquisitions were \$7,353,976, offset by depreciation of \$2,526,828.

**Long-Term Liabilities**

The District’s Long-Term Liabilities decreased by \$7,881,717 or 18.83% during the fiscal year. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements).

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Total Percentage
	2021/2022	2020/2021	Change 2021/2022
Net Pension Liability	\$ 19,598,336	\$ 26,830,266	
Financed Purchases Payable	10,535,854	10,936,302	
Compensated Absences Payable	4,168,515	4,086,778	
	<u>\$ 34,302,705</u>	<u>\$ 41,853,346</u>	<u>-18.04%</u>

- The District’s net pension liability decreased \$7,231,930 (\$7,563,006 for decrease for PERS and \$331,076 increase for Essex County).
- Financed Purchases Payable decreased \$400,448.
- Compensated Absences increase \$81,737.

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

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

## **Management Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

### **Factors Bearing on the District's Future Revenue/Expense Changes (Cont'd)**

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

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

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

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

### **Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,862,498	\$ 457,228	\$ 11,319,726
Internal Balances	(6,424)	6,424	
Receivables from Federal Governments	5,288,134	377,293	5,665,427
Receivables from State Governments	3,636,042	8,348	3,644,390
Other Accounts Receivable	103,304	17,800	121,104
Inventories		24,907	24,907
Restricted Cash and Cash Equivalents	3,003,182		3,003,182
Capital Assets:			
Sites (Land)	5,187,355		5,187,355
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	69,973,014	108,576	70,081,590
Total Assets	<u>98,047,105</u>	<u>1,000,576</u>	<u>99,047,681</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	392,423		392,423
District Contribution Subsequent to the Measurement Date	2,088,884		2,088,884
Total Deferred Outflows of Resources	<u>2,481,307</u>		<u>2,481,307</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	6,674,975	113,208	6,788,183
Accrued Liability for Health Benefits	2,000,000		2,000,000
Accrued Interest Payable	6,498		6,498
Payable to Other Government	1,308,602		1,308,602
Payable to State Government	224,127		224,127
Unearned Revenue	470,778	264,867	735,645
Noncurrent Liabilities:			
Due Within One Year	777,438		777,438
Due Beyond one Year	33,525,267		33,525,267
Total Liabilities	<u>44,987,685</u>	<u>378,075</u>	<u>45,365,760</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	13,142,252		13,142,252
Total Deferred Outflows of Resources	<u>13,142,252</u>		<u>13,142,252</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	64,624,515	108,576	64,733,091
Restricted for:			
Capital Projects	2,499,930		2,499,930
Maintenance	584,278		584,278
Unemployment Compensation	593,341		593,341
Workers Compensation	198,022		198,022
Student Activities	387,328		387,328
Unrestricted/(Deficit)	(26,488,939)	513,925	(25,975,014)
Total Net Position	<u>\$ 42,398,475</u>	<u>\$ 622,501</u>	<u>\$ 43,020,976</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Grants and Contributions			
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 88,219,173	\$ 29,895	\$36,998,602	\$ 1,594,798	\$ (49,595,878)		\$ (49,595,878)
Special Education	22,045,080		17,819,586		(4,225,494)		(4,225,494)
Other Special Instruction	2,634,898		864,442		(1,770,456)		(1,770,456)
School-Sponsored Instruction	2,008,880		239,141		(1,769,739)		(1,769,739)
<b>Support Services:</b>							
Tuition	7,487,964		1,581,474		(5,906,490)		(5,906,490)
Student & Instruction Related Services	31,627,130	474,356	4,727,120		(26,425,654)		(26,425,654)
General Administrative Services	2,759,993		167,012		(2,592,981)		(2,592,981)
School Administrative Services	9,157,337		2,855,379		(6,301,958)		(6,301,958)
Central Services	1,877,826		237,230		(1,640,596)		(1,640,596)
Administration Information Technology	1,209,237		108,363		(1,100,874)		(1,100,874)
Plant Operations and Maintenance	12,026,941		1,637,583	2,615,708	(7,773,650)		(7,773,650)
Pupil Transportation	8,968,947		1,299,924		(7,669,023)		(7,669,023)
Transfer to Charter Schools	133,021				(133,021)		(133,021)
Capital Outlay	85,938				(85,938)		(85,938)
Unallocated Depreciation	2,023,702				(2,023,702)		(2,023,702)
<b>Total Governmental Activities</b>	<b>192,266,067</b>	<b>504,251</b>	<b>68,535,856</b>	<b>4,210,506</b>	<b>(119,015,454)</b>		<b>(119,015,454)</b>

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Grants and Contributions			
Business-Type Activities:							
Food Service	\$ 1,822,462	\$ 179,087	\$ 1,833,838		\$ 190,463	\$ 190,463	\$ 190,463
Summer Programs	232,747	187,422			(45,325)	(45,325)	(45,325)
Provisional Teacher	51,500	80,866			29,366	29,366	29,366
Total Business-Type Activities	2,106,709	447,375	1,833,838		174,504	174,504	174,504
Total Primary Government	\$ 194,372,776	\$ 951,626	\$ 70,369,694	\$ 4,210,506	\$ (119,015,454)	174,504	(118,840,950)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					123,037,813		123,037,813
Federal and State Aid not Restricted					382,298		382,298
Interest and Miscellaneous Revenue					524,614	248	524,862
Transfers					(42,848)	42,848	
Total General Revenues and Transfers					123,901,877	43,096	123,944,973
Change in Net Position					4,886,423	217,600	5,104,023
Net Position - Beginning					37,512,052	404,901	37,916,953
Net Position - Ending					\$ 42,398,475	\$ 622,501	\$ 43,020,976

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

**FUND FINANCIAL STATEMENTS**



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 6,443,465		\$ 4,419,033	\$ 10,862,498
Interfund Receivable	2,951,652			2,951,652
Receivables From Federal Government		\$ 3,636,042		3,636,042
Receivables From State Government	3,974,513	5,019	1,308,602	5,288,134
Accounts Receivable - Other	98,304	5,000		103,304
Restricted Cash and Cash Equivalents	2,615,854	387,328		3,003,182
<b>Total Assets</b>	<b>\$ 16,083,788</b>	<b>\$ 4,033,389</b>	<b>\$ 5,727,635</b>	<b>\$ 25,844,812</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 4,291,552	\$ 294,539		\$ 4,586,091
Accrued Liability for Health Benefit Claims	2,000,000			2,000,000
Interfund Payable	6,424	2,948,097	\$ 3,555	2,958,076
Unearned Revenue	291,480	179,298		470,778
Payable to Other Government			1,308,602	1,308,602
Payable to State Government		224,127		224,127
<b>Total Liabilities</b>	<b>6,589,456</b>	<b>3,646,061</b>	<b>1,312,157</b>	<b>11,547,674</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	1,240,213			1,240,213
Maintenance Reserve	584,278			584,278
Unemployment Compensation	593,341			593,341
Workers Compensation	198,022			198,022
Student Activities		387,328		387,328
Capital Projects			1,259,717	1,259,717
Committed - Capital Projects			3,155,761	3,155,761
<b>Assigned:</b>				
Year-End Encumbrances	1,138,292			1,138,292
For Subsequent Year's Expenditures	4,000,000			4,000,000
Unassigned	1,740,186			1,740,186
<b>Total Fund Balances</b>	<b>9,494,332</b>	<b>387,328</b>	<b>4,415,478</b>	<b>14,297,138</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,083,788</b>	<b>\$ 4,033,389</b>	<b>\$ 5,727,635</b>	<b>\$ 25,844,812</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>Total Governmental Funds</u>
Total Fund Balance from previous page:	\$ 14,297,138
 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.	75,160,369
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(14,704,369)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not due and payable in the current period and are not reported in the Governmental Funds.	(19,598,336)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(6,498)
 Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, excluding District Contribution Subsequent to the Measurement Date:	
PERS	392,423
Essex County Pension	125,134
Deferred Inflows of Resources Related to Pensions	
PERS	<u>(13,267,386)</u>
 Net Position of Governmental Activities	 <u>\$ 42,398,475</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 123,037,813			\$ 123,037,813
Tuition from Individuals	29,895			29,895
Interest Earned on Capital Reserve Funds	2,387			2,387
Rents and Royalties	83,351			83,351
Miscellaneous	438,876	\$ 587,444		1,026,320
Total - Local Sources	123,592,322	587,444		124,179,766
State Sources	44,017,398	1,062,561		45,079,959
Federal Sources	58,947	9,076,501		9,135,448
Total Revenue	167,668,667	10,726,506		178,395,173
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	41,332,226	6,923,876		48,256,102
Special Education Instruction	10,910,203	152,002		11,062,205
Other Special Instruction	1,487,639			1,487,639
School Sponsored Instruction	1,602,227			1,602,227
Support Services and Undistributed Costs:				
Tuition	5,906,490	1,581,474		7,487,964
Student & Instruction Related Services	23,589,923	491,031		24,080,954
General Administration Services	2,400,262			2,400,262
School Administration Services	5,217,892			5,217,892
Central Services	1,463,379			1,463,379
Administration Information Technology	879,808			879,808
Plant Operations and Maintenance	10,682,242			10,682,242
Pupil Transportation	9,013,106			9,013,106
Unallocated Benefits	55,713,385			55,713,385
Capital Outlay	186,372	1,594,798	\$ 5,650,716	7,431,886
Charter School	133,021			133,021
Total Expenditures	170,518,175	10,743,181	5,650,716	186,912,072
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	(2,849,508)	(16,675)	(5,650,716)	(8,516,899)
<b>OTHER FINANCING SOURCES/(USES):</b>				
Montclair Township Improvement Authorizations			2,615,708	2,615,708
Transfers In			60,699	60,699
Transfers Out	(103,547)			(103,547)
Total Other Financing Sources/(Uses)	(103,547)		2,676,407	2,572,860
Net Change in Fund Balances	(2,953,055)	(16,675)	(2,974,309)	(5,944,039)
Fund Balance - July 1	12,447,387	404,003	7,389,787	20,241,177
Fund Balance - June 30	\$ 9,494,332	\$ 387,328	\$ 4,415,478	\$ 14,297,138

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (5,944,039)

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

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

Depreciation expense	\$ (2,495,684)
Capital outlays	<u>7,345,948</u>
	4,850,264

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

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.

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

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

Change in Net Pension Liability	7,231,930
Change in Deferred Outflows of Resources Related to Pensions	(1,835,921)
Change in Deferred Inflows of Resources Related to Pensions	<u>187,946</u>
	5,583,955

Total Change in Net Position - Governmental Activities (Exhibit A-2) \$ 4,886,423

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 146,843	\$ 310,385	\$ 457,228
Intergovernmental Accounts Receivable:			
State	8,348		8,348
Federal	377,293		377,293
Accounts Receivable:			
Other		2,800	2,800
Student - (less allowance of \$74,930)	15,000		15,000
Interfund Receivable	4,945	1,479	6,424
Inventories	24,907		24,907
Total Current Assets	<u>577,336</u>	<u>314,664</u>	<u>892,000</u>
Non-Current Assets:			
Capital Assets	573,588		573,588
Less: Accumulated Depreciation	<u>(465,012)</u>		<u>(465,012)</u>
Total Non-Current Assets	<u>108,576</u>		<u>108,576</u>
Total Assets	<u>685,912</u>	<u>314,664</u>	<u>1,000,576</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue	81,990	182,877	264,867
Accounts Payable	<u>113,208</u>		<u>113,208</u>
Total Liabilities	<u>195,198</u>	<u>182,877</u>	<u>378,075</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	108,576		108,576
Unrestricted	<u>382,138</u>	<u>131,787</u>	<u>513,925</u>
Total Net Position	<u>\$ 490,714</u>	<u>\$ 131,787</u>	<u>\$ 622,501</u>

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

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

	Major Fund		Total
	Food Service	Non-Major	Enterprise
	Program	Funds	Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs	\$ 160,493		\$ 160,493
Special Functions	18,594		18,594
Program Fees		\$ 187,422	187,422
Mentor Fees		80,866	80,866
<b>Total Operating Revenue</b>	<b>179,087</b>	<b>268,288</b>	<b>447,375</b>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	704,450		704,450
Non-Reimbursable Programs	69,672		69,672
<b>Total Cost of Sales</b>	<b>774,122</b>		<b>774,122</b>
Salaries, Benefits & Payroll Taxes	663,857	251,043	914,900
Administrative Expenses	108,663	33,204	141,867
Supplies and Materials	144,147		144,147
Management Fee	100,529		100,529
Depreciation Expense	31,144		31,144
<b>Total Operating Expenses</b>	<b>1,822,462</b>	<b>284,247</b>	<b>2,106,709</b>
<b>Operating Income/(Loss)</b>	<b>(1,643,375)</b>	<b>(15,959)</b>	<b>(1,659,334)</b>
Non-Operating Revenue:			
Local Sources:			
Interest Income	248		248
State Sources:			
COVID-19 Seamless Summer Option	38,615		38,615
Federal Sources:			
COVID-19 Seamless Summer Option:			
Breakfast	68,979		68,979
Lunch	1,644,966		1,644,966
Food Distribution Program	31,019		31,019
COVID-19 Pandemic Electronic Benefit Transfer	3,063		3,063
COVID-19 Emergency Operational Cost Reimbursement	47,196		47,196
<b>Total Non-Operating Revenue</b>	<b>1,834,086</b>		<b>1,834,086</b>
<b>Change in Net Position Before Transfer</b>	<b>190,711</b>	<b>(15,959)</b>	<b>174,752</b>
Transfer In - Board Contribution	42,848		42,848
<b>Change in Net Position After Transfer</b>	<b>233,559</b>	<b>(15,959)</b>	<b>217,600</b>
Net Position - Beginning of Year	257,155	147,746	404,901
<b>Net Position - End of Year</b>	<b>\$ 490,714</b>	<b>\$ 131,787</b>	<b>\$ 622,501</b>

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

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

	Major Fund Food Service Program	Non-Major Funds	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 160,597	\$ 325,012	\$ 485,609
Receipts from Special Functions	18,594		18,594
Payments to Employees		(252,522)	(252,522)
Payments to Food Service Management Contractor	(1,700,810)		(1,700,810)
Payments to Suppliers	(26,545)	(2,500)	(29,045)
Other Payments		(30,703)	(30,703)
Net Cash Provided by/(Used for) Operating Activities	<u>(1,548,164)</u>	<u>39,287</u>	<u>(1,508,877)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(8,028)		(8,028)
Net Cash Used for Capital and Related Financing Activities	<u>(8,028)</u>		<u>(8,028)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	248		248
Net Cash Provided by Investing Activities	<u>248</u>		<u>248</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	1,489,448		1,489,448
Cash Received from Transfers - General Fund:			
Board Contribution	42,848		42,848
Net Cash Provided by Noncapital Financing Activities	<u>1,532,296</u>		<u>1,532,296</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	(23,648)	39,287	15,639
Cash and Cash Equivalents, July 1	170,491	271,098	441,589
Cash and Cash Equivalents, June 30	<u>\$ 146,843</u>	<u>\$ 310,385</u>	<u>\$ 457,228</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (1,643,375)	\$ (15,959)	\$ (1,659,334)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	31,019		31,019
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	104	(2,800)	(2,696)
(Increase) in Inventory	(3,146)		(3,146)
Increase/(Decrease) in Unearned Revenue	(3,497)	59,525	56,028
Increase/(Decrease) in Accounts Payable	39,587	(1,479)	38,108
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (1,548,164)</u>	<u>\$ 39,287</u>	<u>\$ (1,508,877)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$37,266 and utilized \$31,019 for the fiscal year ended June 30, 2022.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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



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

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

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

The District reports the following governmental funds:

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

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

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

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

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

B. Basis of Presentation (Cont'd)

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

(Continued)

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

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

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

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

D. Budgets/Budgetary Control

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

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

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

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

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

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 167,681,647	\$ 11,053,836
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(472,468)
Prior Year Encumbrances		145,139
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	759,927	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(772,907)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 167,668,667	\$ 10,726,507
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 170,518,175	\$ 11,070,511
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(472,468)
Prior Year Encumbrances		145,139
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 170,518,175	\$ 10,743,182

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

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

D. Budgets/Budgetary Control (Cont'd)

	Capital Projects Fund	
	Revenue and Other Financing Sources	Fund Balance
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ 60,699	\$ 8,366,549
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	2,615,708	(3,951,071)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 2,676,407	\$ 4,415,478

E. Cash and Cash Equivalents

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

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

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

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

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

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

As of June 30, 2022 the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amount of \$72,562. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

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

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

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

K. Capital Assets

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

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

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

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

L. Lease Assets

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

M. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have a portion of their salaries withheld as summer savings until year-end. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2022, the balance in the summer savings was paid to the District employees.

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

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

N. Long Term Liabilities

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond 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.

O. Compensated Absences

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

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

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

P. Lease Payable

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

Q. Unearned Revenue

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

R. Fund Balance Appropriated

General Fund: Of the \$9,494,332 General Fund fund balance at June 30, 2022, \$1,138,292 is assigned for encumbrances; \$1,240,213 is restricted in the capital reserve; \$584,278 is restricted in the maintenance reserve; \$593,341 is restricted for unemployment compensation; \$198,022 is restricted for workers compensation; \$4,000,000 is assigned fund balance designated for subsequent year's expenditures, and \$1,740,186 is unassigned which is \$772,907 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis at June 30, 2022.



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

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

R. Fund Balance Appropriated (Cont'd)

Special Revenue Fund: The \$387,328 Special Revenue Fund fund balance at June 30, 2022 is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund has \$1,259,717 in restricted fund balance and \$3,155,761 in committed fund balance at June 30, 2022 which is \$3,951,071 less on the GAAP basis due to the SDA grants and Township receivables not recognized on the GAAP basis.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus at June 30, 2022 is \$-0-.

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

S. Net Position

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

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

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

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

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

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

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

S. Net Position (Cont'd)

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

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

T. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$26,561,579 in governmental activities, which is primarily a result of compensated absences, accrued interest and ESIP lease payable, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions.

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

U. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2022.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2022.

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

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

V. Revenue - Exchange and Non-exchange Transactions

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

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

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

W. Operating Revenue and Expenses

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

X. Management Estimates

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

Y. Pensions

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

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

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

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

Investments:

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

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

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

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

Investments: (Cont'd)

(9) Deposit of funds in accordance with the following conditions:

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

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

	Restricted Cash and Cash Equivalents			
	Cash and Cash Equivalents	Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation
Checking and Savings Accounts	\$ 11,319,726	\$ 1,240,213	\$ 584,278	\$ 593,341

	Restricted Cash and Cash Equivalents		
	Workers Compensation	Student Activities	Total
Checking and Savings Accounts	\$ 198,022	\$ 387,328	\$ 14,322,908

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$14,322,908 and the bank balance was \$19,549,605.

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

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

Balance July 1, 2021		\$ 1,298,525
Increased by:		
Interest Earnings		2,387
		1,300,912
Decreased by:		
Withdrawal by Board Resolution to Capital Projects Fund		60,699
		60,699
Balance June 30, 2022		\$ 1,240,213

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

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

Balance July 1, 2021	\$	884,278
Decreased by:		
Budgeted Withdrawal		300,000
Balance June 30, 2022	\$	584,278

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2022, there was \$428,842 in transfers to the capital outlay accounts for equipment and the securing our children's future bond act grant which did not require County Superintendent approval.



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

NOTE 7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	<u>5,187,355</u>			<u>5,187,355</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	92,046,272	\$ 5,650,716		97,696,988
Machinery and Equipment	8,898,645	1,695,232		10,593,877
Total Capital Assets Being Depreciated	<u>100,944,917</u>	<u>7,345,948</u>		<u>108,290,865</u>
Governmental Activities Capital Assets	<u>106,132,272</u>	<u>7,345,948</u>		<u>113,478,220</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(30,338,788)	(1,965,368)		(32,304,156)
Machinery and Equipment	(5,483,379)	(530,316)		(6,013,695)
	<u>(35,822,167)</u>	<u>(2,495,684)</u>		<u>(38,317,851)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 70,310,105</u>	<u>\$ 4,850,264</u>	<u>\$ -0-</u>	<u>\$ 75,160,369</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 565,560	\$ 8,028		\$ 573,588
Less Accumulated Depreciation	(433,868)	(31,144)		(465,012)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 131,692</u>	<u>\$ (23,116)</u>	<u>\$ -0-</u>	<u>\$ 108,576</u>

The District had active construction projects totaling \$21,070,552 with unexpended balances of \$8,366,549 as of June 30, 2022. The District had \$5,745,296 in outstanding construction commitments at June 30, 2022. The increases totaling \$7,345,948 represent current fiscal year capitalized expenditures in the general fund, special revenue fund and capital projects fund.

Depreciation expense was charged to governmental functions as follows:

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

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

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022
Compensated Absences Payable	\$ 4,086,778	\$ 81,737		\$ 4,168,515
Net Pension Liability:				
PERS	26,268,249		\$ 7,563,006	18,705,243
Essex County	562,017	331,076		893,093
Financed Purchases Payable	10,936,302		400,448	10,535,854
	<u>\$41,853,346</u>	<u>\$ 412,813</u>	<u>\$ 7,963,454</u>	<u>\$34,302,705</u>

A. Bonds Payable:

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

B. Financed Purchases Payable:

The District has a financed purchases agreement for school buses, maintenance vehicles and equipment totaling \$360,000 of which \$214,070 has been liquidated as of June 30, 2022. The equipment finance purchase agreement lease is for four years with the final payment occurring in fiscal year 2023-24.

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

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

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

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

B. Financed Purchases Payable: (Cont'd)

The following is a schedule of the future minimum financed purchases payments under these financed purchases at June 30, 2022.

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 934,299
2024	1,202,270
2025	893,925
2026	766,218
2027	781,008
Thereafter 5 Years (2028-2032)	<u>3,561,726</u>
	11,712,669
Less: Amount Representing Interest	<u>(1,176,815)</u>
Present Value Net of Minimum Financed Purchases Payments	<u><u>\$10,535,854</u></u>

The current portion of the financed purchases payable at June 30, 2022 is \$777,438 and the long-term portion is \$9,758,416. Financed purchases payable will be liquidated by the General Fund.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The entire compensated absences balance of \$4,168,515 in the governmental funds is a long-term portion. Compensated absences will be liquidated through the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$18,705,243. See NOTE 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$893,093. See NOTE 9 for further information on the Board of Education Employee's Pension Fund of Essex County.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
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NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,849,155 for fiscal year 2022.

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

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

At June 30, 2022, the District reported a liability of \$18,705,243 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.158%, which was a decrease of 0.003% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an pension benefit of \$392,423. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions:	2017	5.48		\$ 790,489
	2018	5.63		1,481,997
	2019	5.21		1,307,379
	2020	5.16		3,079,323
	2021	5.13	\$ 97,417	
Subtotal			<u>97,417</u>	<u>6,659,188</u>
Changes in Proportion:	2017	5.48		297,471
	2018	5.63		64,322
	2019	5.21		113,006
	2020	5.16		512,785
	2021	5.13		559,255
Subtotal				<u>1,546,839</u>
Difference Between Expected and Actual Experience:	2017	5.48	23,509	
	2018	5.63		56,435
	2019	5.21	99,937	
	2020	5.16	171,560	
	2021	5.13		77,472
Subtotal			<u>295,006</u>	<u>133,907</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2018	5.00		146,112
	2019	5.00		(47,146)
	2020	5.00		(1,062,533)
	2021	5.00		5,891,019
Subtotal				<u>4,927,452</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	1,951,914	
			<u>\$ 2,344,337</u>	<u>\$ 13,267,386</u>

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (4,413,623)
2023	(3,151,316)
2024	(2,148,660)
2025	(1,615,154)
2026	629
	\$ (11,328,124)

Actuarial Assumptions

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

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

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

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

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



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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 25,472,747	\$ 18,705,243	\$ 12,962,056

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$22,310,165 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$5,931,585.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$252,081,372. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.524%, which was an decrease of 0.021% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>252,081,372</u>
Total		<u><u>\$ 252,081,372</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$5,931,585 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate – TPAF

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
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NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 298,254,370	\$ 252,081,372	\$ 213,298,955

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$239,597 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$325,086 for the fiscal year ended June 30, 2022.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
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NOTE 9. PENSION PLANS (Cont'd)

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

Plan Description

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

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

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

Plan Membership

At June 30, 2022, pension plan membership consisted of the following:

	2021
Retirees and beneficiaries currently receiving benefits	408
Active Fund members	6
Inactive Fund members	8
Total	422
Number of participating employers (Boards)	17

Benefits Provided

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

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and the cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute and may be amended by the State of New Jersey. District contributions to the Plan amounted to \$130,832 for fiscal year 2022.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2022, the District reported a liability of \$893,093 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 2.8379%, which was an increase of 0.2293% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2022, the District recognized a pension expense of \$33,689. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pension from the sources noted in the below table.

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2018	5 years	\$ (3,300)	
2019	5 years	(18,645)	
2020	5 years	(33,089)	
2021	5 years	(162,087)	
2022	5 years	342,255	
Subtotal		125,134	
District Contribution Subsequent to the Measurement			
Date - 2022	1 year	136,970	
		\$ 262,104	\$ -0-

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

Fiscal Year Ending June 30,	Total
2023	\$ 4,277
2024	7,577
2025	16,900
2026	27,929
2027	68,451
	\$ 125,134

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2022. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Note

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

Mortality Rates:

Active members, inactive members and healthy retirees:

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

Disabled retirees:

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

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

Long Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	0.70%
U.S. Domestic Equity	6.70%

\* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 5.00% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2022		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 1,191,794	\$ 893,093	\$ 634,229

Pension Plan Fiduciary Net Position

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2020, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	150,427
Active Plan Members	213,901
Total	364,328

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021.

Actuarial Assumptions and Other Inputs

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
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NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
	based on	based on	based on
	service years	service years	service years
Thereafter	2.75 - 5.65%	3.00 - 7.00%	Not Applicable
	based on service	based on	
	years	service years	

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
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NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

The discount rate for June 30, 2021 as 2.16%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 301,668,725
Changes for Year:	
Service Cost	14,002,863
Interest Cost	6,970,954
Change in Benefit Terms	(286,023)
Difference Between Expected and Actual Experience	(48,585,817)
Changes in Assumptions	265,116
Member Contributions	(5,491,159)
Gross Benefit Payments	178,213
Net Changes	(32,945,853)
Balance at June 30, 2021	\$ 268,722,872

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020 calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability Attributable to the District	\$ 321,887,815	\$ 268,722,872	\$ 226,858,671

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

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2021 calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 217,532,038	\$ 268,722,872	\$ 337,468,379

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$15,853,735 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2021, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

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

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

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

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 15,102,309
	2018	9.51		13,729,151
	2019	9.29	\$ 1,886,478	
	2020	9.24	43,462,526	
	2021	9.24	236,423	
			<u>45,585,427</u>	<u>28,831,460</u>
Differences between Expected and Actual Experience	2018	9.51		12,978,320
	2019	9.29		22,203,954
	2020	9.24	40,508,779	
	2021	9.24		45,466,238
			<u>40,508,779</u>	<u>80,648,512</u>
Changes in Proportion	N/A	N/A	6,959,272	
			<u>\$ 93,053,478</u>	<u>\$ 109,479,972</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2021	\$ (5,294,523)
2022	(5,294,523)
2023	(5,294,523)
2024	(5,294,523)
2025	(3,764,333)
Total Thereafter	1,556,658
	<u>\$ (23,385,767)</u>



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

NOTE 11. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 668	\$ 366,281	\$ 262,209	\$ 593,341
2020-2021	334	369,071	295,419	488,601
2019-2020	6,426	258,672	256,426	414,615

Health Benefits

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

Aetna is the District’s claims administrator.

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

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

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 2,951,652	\$ 6,424
Special Revenue Fund		2,948,097
Capital Projects Fund		3,555
Proprietary Funds - Food Service	4,945	
Proprietary Funds - Summer Program	1,479	
	\$ 2,958,076	\$ 2,958,076

The General Fund interfund payable is for the Board’s share of expenses in the food service fund and for cash receipts received in the General Fund due to the Summer Program. The Special Revenue Fund interfund payable to the General Fund represents an interfund advance. The Capital Projects Fund interfund payable to the General Fund represents the balance of interest earnings.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln National Life Insurance Company	MetLife Investors
Valic	AXA Equitable

NOTE 14. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

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

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

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,138,292	\$ 472,468	\$ 5,745,296	\$ 7,356,056

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$472,468 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on the GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$5,745,296 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the committed and restricted fund balances on the GAAP basis at June 30, 2022.

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. TAX CALENDAR

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

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

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

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2022, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	<u>Governmental Funds</u>		District Contribution	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Subsequent to Measurement Date		Enterprise Funds
Accrued Salaries and Wages	\$ 1,344			\$ 1,344	
Payroll Deductions and Withholdings	716,115			716,115	
Vendors	3,574,093	\$ 294,539		3,868,632	\$ 113,208
Due to Other Governmental Units			\$ 136,970	136,970	
Due to State of New Jersey			1,951,914	1,951,914	
	<u>\$ 4,291,552</u>	<u>\$ 294,539</u>	<u>\$ 2,088,884</u>	<u>\$ 6,674,975</u>	<u>\$ 113,208</u>

NOTE 18. TAX ABATEMENTS

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

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

The Township of Montclair recognized revenue in the amount of \$4,242,624 from thirteen payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatement would have been \$5,867,884 of which \$3,147,336 would have been for the local school tax.

NOTE 19. SUBSEQUENT EVENT

The voters approved a \$188,000,000 bond referendum on November 8, 2022 to provide infrastructure upgrades throughout the District. The District also sold \$70,000,000 of serial bonds dated January 18, 2023. The bonds will begin maturing starting January 15, 2025 with interest rate range of 3.00% - 4.00%.

**SCHEDULES OF  
REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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

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

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

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



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

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

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%	0.5412744521%	0.53222463961%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891	\$ 364,946,753	\$ 338,603,725
District's covered employee payroll	\$ 52,752,552	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	527.98%	588.70%	762.33%	648.39%	585.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

	Fiscal Year Ending June 30,	
	2020	2021
State's proportion of the net pension liability attributable to the District	0.5417765739%	0.5448232147%
State's proportionate share of the net pension liability attributable to the District	\$ 332,493,397	\$ 358,759,531
District's covered employee payroll	\$ 57,138,745	\$ 59,042,411
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	581.91%	607.63%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	24.60%
		35.52%

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

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

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

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

	Fiscal Year Ending June 30,	
	2020	2021
	2020	2021
Contractually required contribution	\$ 19,611,349	\$ 22,309,195
Contributions in relation to the contractually required contribution	(11,950,060)	(15,242,167)
Contribution deficiency/(excess)	\$ 7,661,289	\$ 7,067,028
District's covered employee payroll	\$ 59,042,411	\$ 61,800,696
Contributions as a percentage of covered employee payroll	20.24%	24.66%
		36.28%

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

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

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

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

	Fiscal Year Ending June 30,	
	2020	2021
District's Proportion of the Net Pension Liability	2.6889163%	2.6085039%
District's Proportionate Share of the Net Pension Liability	\$ 715,652	\$ 562,017
District's Covered Employee Payroll	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	79.52%	83.63%
* - Fiduciary Net Position Excludes: Amount Designated for Insurance Benefits	\$ 26,614,872	\$ 21,545,553
		\$ 31,469,833

74.53%

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

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

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

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

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



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

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

\* - Covered payroll for the fiscal years ending June 30, 2017 - 2021 are based on the payroll on the June 30, 2016 - 2020 census data.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2021	2020
Discount Rate	7.00%	5.40%

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

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

Benefit Changes

There were none.

Changes of Assumptions

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

Asset Class	Real Rate of Return	
	2022	2021
U.S. Fixed Income	0.70%	0.50%
U.S. Domestic Equity	6.70%	6.65%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

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

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

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

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

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

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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

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

**BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 123,037,813		\$ 123,037,813	\$ 123,037,813	
Tuition - From Individuals	100,000		100,000	29,895	\$ (70,105)
Interest Earned on Capital Reserve				2,387	2,387
Rents and Royalties	110,000		110,000	83,351	(26,649)
Unrestricted Miscellaneous Revenue	475,000		475,000	334,136	(140,864)
Other Restricted Miscellaneous Revenue				104,740	104,740
<b>Total - Local Sources</b>	<b>123,722,813</b>		<b>123,722,813</b>	<b>123,592,322</b>	<b>(130,491)</b>
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	5,780,579		5,780,579	5,780,579	
Adjustment Aid	322,539		322,539	322,539	
Security Aid	755,225		755,225	755,225	
Extraordinary Aid	1,150,000		1,150,000	3,630,513	2,480,513
Nonpublic Transportation Aid				71,050	71,050
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				5,286,098	5,286,098
Pension				22,310,165	22,310,165
Non-Contributory Insurance				314,765	314,765
Long-Term Disability Insurance				6,747	6,747
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,377,308	4,377,308
<b>Total State Sources</b>	<b>9,183,732</b>		<b>9,183,732</b>	<b>44,030,378</b>	<b>34,775,596</b>
<b>REVENUES:</b>					
Federal Sources:					
Medicaid Reimbursement	84,510		84,510	58,947	(25,563)
<b>Total Federal Sources</b>	<b>84,510</b>		<b>84,510</b>	<b>58,947</b>	<b>(25,563)</b>
<b>TOTAL REVENUES</b>	<b>132,991,055</b>		<b>132,991,055</b>	<b>167,681,647</b>	<b>34,619,542</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,917,175	\$ (3,260)	\$ 1,913,915	\$ 1,913,914	\$ 1
Grades 1-5 - Salaries of Teachers	13,505,356	1,245,341	14,750,697	14,750,682	15
Grades 6-8 - Salaries of Teachers	9,543,599	933,154	10,476,753	10,476,746	7
Grades 9-12 - Salaries of Teachers	10,225,207	840,205	11,065,412	11,065,406	6
Regular Programs - Home Instruction:					
Salaries of Teachers	150,000	(4,739)	145,261	145,260	1
Purchased Professional-Educational Services	135,000	57,631	192,631	147,977	44,654
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,090,732	(37,796)	1,052,936	1,052,934	2
Purchased Professional-Educational Services	392,000	25,686	25,686	25,686	
Other Purchased Services (400-500 Series)	1,807,862	(79,906)	312,094	289,025	23,069
General Supplies	233,837	(383,857)	1,424,005	1,413,060	10,945
Textbooks		(182,296)	51,541	51,536	5
<b>Total Regular Programs - Instruction</b>	<b>39,000,768</b>	<b>2,410,163</b>	<b>41,410,931</b>	<b>41,332,226</b>	<b>78,705</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	741,955	18,301	760,256	760,255	1
General Supplies	10,000	(9,010)	990	990	
<b>Total Learning and/or Language Disabilities</b>	<b>751,955</b>	<b>9,291</b>	<b>761,246</b>	<b>761,245</b>	<b>1</b>
Behavioral Disabilities:					
Salaries of Teachers	434,031	(128,288)	305,743	305,743	
General Supplies	5,500	(5,500)			
<b>Total Behavioral Disabilities</b>	<b>439,531</b>	<b>(133,788)</b>	<b>305,743</b>	<b>305,743</b>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Special Education - Instruction: (Cont'd)					
Multiple Disabilities:					
Salaries of Teachers	\$ 205,053	\$ 5,255	\$ 210,308	\$ 210,308	
General Supplies	6,000	(4,917)	1,083	1,082	\$ 1
Total Multiple Disabilities	211,053	338	211,391	211,390	1
Resource Room/Resource Center:					
Salaries of Teachers	8,544,947	(249,558)	8,295,389	8,295,388	1
General Supplies	16,200	(12,810)	3,390	3,389	1
Total Resource Room/Resource Center	8,561,147	(262,368)	8,298,779	8,298,777	2
Autism:					
Salaries of Teachers	573,408	11,898	585,306	585,306	
General Supplies	8,000	(7,128)	872	871	1
Total Autism	581,408	4,770	586,178	586,177	1
Preschool Disabilities - Full-Time:					
Salaries of Teachers	671,600	(66,170)	605,430	605,429	1
General Supplies	10,000	(5,188)	4,812	4,812	
Total Preschool Disabilities - Full-Time	681,600	(71,358)	610,242	610,241	1
Home Instruction:					
Salaries of Teachers	100,000	(20,044)	79,956	79,955	1
Purchased Professional-Educational Services	75,000	(18,325)	56,675	56,675	
Total Home Instruction	175,000	(38,369)	136,631	136,630	1
Total Special Education Instruction	11,401,694	(491,484)	10,910,210	10,910,203	7



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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 754,095	\$ (195,752)	\$ 558,343	\$ 558,342	\$ 1
General Supplies	2,000	(1,133)	867	867	
Total Basic Skills/Remedial - Instruction	756,095	(196,885)	559,210	559,209	1
Bilingual Education - Instruction:					
Salaries of Teachers	253,550	30,875	284,425	284,424	1
General Supplies	500	(300)	200	200	
Total Bilingual Education - Instruction	254,050	30,575	284,625	284,624	1
Vocational Programs - Local - Instruction:					
Salaries of Teachers	316,376	(26,520)	289,856	289,855	1
General Supplies	15,000	(6,245)	8,755	8,755	
Total Vocational Programs - Local - Instruction	331,376	(32,765)	298,611	298,610	1
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	335,000	(19,003)	315,997	315,996	1
Total School-Sponsored Cocurricular Activities - Instruction	335,000	(19,003)	315,997	315,996	1
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,022,934	(7,901)	1,015,033	1,015,030	3
Purchased Services (300-500 Series)	168,741	(102,963)	65,778	65,626	152
Supplies and Materials	194,297	(27,318)	166,979	161,036	5,943
Other Objects	45,470	(931)	44,539	44,539	
Total School-Sponsored Cocurricular Athletics - Instruction	1,431,442	(139,113)	1,292,329	1,286,231	6,098

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Before/After School Programs - Instruction:					
Salaries of Teachers	\$ 30,000	\$ (21,024)	\$ 8,976	\$ 8,976	
Total Before/After School Programs - Instruction	30,000	(21,024)	8,976	8,976	
Summer School - Instruction:					
Salaries of Teachers	100,000	45,327	145,327	145,326	\$ 1
General Supplies	3,000		3,000	3,000	
Total Summer School - Instruction	103,000	45,327	148,327	148,326	1
Summer School - Support Services:					
Salaries	9,000	5,767	14,767	14,766	1
Total Summer School - Support Services	9,000	5,767	14,767	14,766	1
Total Summer School	112,000	51,094	163,094	163,092	2
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	60,000	29,715	89,715	89,713	2
Other Salaries for Instruction	25,750	(750)	25,000	25,000	
Purchased Professional and Technical Services	45,000	(19,213)	25,787	25,786	1
General Supplies	4,250	(3,449)	801	801	
Total Other Supplemental/At-Risk Programs - Instruction	135,000	6,303	141,303	141,300	3
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	17,000	(2,000)	15,000	15,000	
Total Other Supplemental/At-Risk Programs - Support	17,000	(2,000)	15,000	15,000	
Total Other Supplemental/At-Risk Programs	152,000	4,303	156,303	156,300	3

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Other Instructional Programs - Instruction:					
Salaries	\$ 5,000	\$ (5,000)			
Purchased Services (300-500 series)	31,200	(22,593)	\$ 8,607	\$ 5,000	\$ 3,607
Supplies and Materials	32,650	(29,277)	3,373	3,372	1
Total Other Instructional Programs - Instruction	68,850	(56,870)	11,980	8,372	3,608
Community Service Programs/Operations:					
Salaries	30,000	(21,544)	8,456	8,456	
Total Community Service Programs/Operations	30,000	(21,544)	8,456	8,456	
<b>Total Instruction</b>	<b>53,903,275</b>	<b>1,517,447</b>	<b>55,420,722</b>	<b>55,332,295</b>	<b>88,427</b>
<b>Undistributed Expenditures:</b>					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	29,045	(2,218)	26,827	26,826	1
Tuition to Other LEAs Within the State - Special	200,000	(105,855)	94,145	94,145	
Tuition to County Vocational School Districts - Regular	30,000	(24,089)	5,911	5,911	
Tuition to County Vocational School Districts - Special	50,000	(22,688)	27,312	27,312	
Tuition to CSSD and Regional Day Schools	100,000	8,473	108,473	108,473	
Tuition to Private Schools for the Disabled - Within State	5,541,302	13,490	5,554,792	5,554,792	
Tuition to Private Schools for the Disabled - Out of State	200,000	(110,969)	89,031	89,031	
Total Undistributed Expenditures - Instruction (Tuition)	6,150,347	(243,856)	5,906,491	5,906,490	1

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Attendance and Social Work:					
Salaries	\$ 175,359	\$ 25,722	\$ 201,081	\$ 201,080	\$ 1
Unused Vacation Payment to Terminated/Retired Staff		6,960	6,960	6,960	
Purchased Professional and Technical Services	100,000	48,351	148,351	148,351	
Other Purchased Services (400-500 Series)	27,000	(1,402)	25,598	25,468	130
Supplies and Materials	1,000	(1,000)			
Other Objects	4,000	(3,985)	15	15	
<b>Total Attendance and Social Work</b>	<b>307,359</b>	<b>74,646</b>	<b>382,005</b>	<b>381,874</b>	<b>131</b>
Health Services:					
Salaries	1,649,965	(164,829)	1,485,136	1,485,135	1
Unused Vacation Payment to Term/Retired Staff		16,503	16,503	16,503	
Purchased Professional and Technical Services	310,150	42,030	352,180	347,620	4,560
Supplies and Materials	132,706	(41,181)	91,525	91,525	
<b>Total Health Services</b>	<b>2,092,821</b>	<b>(147,477)</b>	<b>1,945,344</b>	<b>1,940,783</b>	<b>4,561</b>
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,755,658	(350,442)	2,405,216	2,405,214	2
Purchased Professional - Educational Services	140,000	19,339	159,339	159,338	1
Supplies and Materials	38,000	(16,093)	21,907	21,907	
<b>Total Other Support Services - Speech, OT, PT &amp; Related Services</b>	<b>2,933,658</b>	<b>(347,196)</b>	<b>2,586,462</b>	<b>2,586,459</b>	<b>3</b>
Other Support Services - Students - Extraordinary Services:					
Salaries	7,691,111	(92,801)	7,598,310	7,598,302	8
Purchased Professional - Educational Services	1,285,536	82,566	1,368,102	1,368,102	
Supplies and Materials	10,161	8,170	18,331	18,331	
<b>Total Other Support Services - Students - Extraordinary Services</b>	<b>8,986,808</b>	<b>(2,065)</b>	<b>8,984,743</b>	<b>8,984,735</b>	<b>8</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,134,306	\$ (10,329)	\$ 2,123,977	\$ 2,123,975	\$ 2
Salaries of Secretarial and Clerical Assistants	71,036	(306)	70,730	70,730	
Purchased Professional and Technical Services	9,500	23,577	33,077	33,077	
Supplies and Materials	103,300	(30,172)	73,128	73,126	2
Total Other Support Services - Students - Guidance	2,318,142	(17,230)	2,300,912	2,300,908	4
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	4,136,386	(373,385)	3,763,001	3,762,998	3
Salaries of Secretarial and Clerical Assistants	203,945	2,813	206,758	206,757	1
Purchased Professional - Educational Services	575,000	139,270	714,270	714,270	
Other Purchased Services (400-500 Series)	15,000	(10,382)	4,618	4,617	1
Supplies and Materials	63,279	(890)	62,389	59,760	2,629
Total Other Support Services - Students - Child Study Team	4,993,610	(242,574)	4,751,036	4,748,402	2,634
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,240,163	285,756	1,525,919	1,525,918	1
Salaries of Other Professional Staff	646,491	(210,198)	436,293	436,291	2
Salaries of Secretarial and Clerical Assistants	152,491	(305)	152,186	152,185	1
Unused Vacation Payment to Terminated/Retired Staff		28,060	28,060	28,060	
Purchased Professional - Educational Services	49,800	(19,642)	30,158	30,158	
Other Purchased Services (400-500 Series)	40,000	(39,146)	854	853	1
Supplies and Materials	41,500	22,999	64,499	64,218	281
Total Improvement of Instruction Services	2,170,445	67,524	2,237,969	2,237,683	286

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Educational Media Services/School Library:					
Salaries	\$ 444,145	\$ (181,778)	\$ 262,367	\$ 262,365	\$ 2
Purchased Professional and Technical Services	30,610	(7,160)	23,450	23,450	
Supplies and Materials	32,200	(12,242)	19,958	19,922	36
Total Educational Media Services/School Library	506,955	(201,180)	305,775	305,737	38
Instructional Staff Training Services:					
Salaries of Other Professional Staff	236,573	(220,397)	16,176	16,175	1
Salaries of Secretarial and Clerical Assistants	229,516	(207,097)	22,419	22,419	
Unused Vacation Payment to Term/Retired Staff		6,184	6,184	6,184	
Purchased Professional - Educational Services	90,000	(33,046)	56,954	56,954	
Other Purchased Services (400-500 Series)		279	279	279	
Supplies and Materials	2,500	(1,169)	1,331	1,331	
Total Instructional Staff Training Services	558,589	(455,246)	103,343	103,342	1
Support Services - General Administration:					
Salaries	620,635	308,933	929,568	929,567	1
Legal Services	520,000	33,257	553,257	553,256	1
Audit Fees	90,000	400	90,400	90,400	
Architectural/Engineering Services	108,600	41,328	149,928	123,928	26,000
Other Purchased Professional Services	55,750	59,671	115,421	90,420	25,001
Communications/Telephone	244,000	(34,979)	209,021	209,021	
BOE Other Purchased Services	15,000	(15,000)			
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	7,800	1,068	8,868	8,867	1
General Supplies	50,000	(34,196)	15,804	15,804	
Judgments Against the School District	800,000	(205,888)	594,112	342,897	251,215
Miscellaneous Expenditures	41,000	(34,729)	6,271	6,270	1
BOE Membership Dues and Fees	18,000	11,833	29,833	29,832	1
Total Support Services - General Administration	2,570,785	131,698	2,702,483	2,400,262	302,221

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 2,998,834	\$ 299,329	\$ 3,298,163	\$ 3,298,162	\$ 1
Salaries of Other Professional Staff	190,000	(14,826)	175,174	175,173	1
Salaries of Secretarial and Clerical Assistants	1,732,494	(25,583)	1,706,911	1,706,909	2
Purchased Professional and Technical Services	21,000	6,165	27,165	27,165	
Other Purchased Services (400-500 Series)	3,000	(2,000)	1,000	1,000	
Supplies and Materials	13,662	(2,737)	10,925	9,483	1,442
<b>Total Support Services - School Administration</b>	<b>4,958,990</b>	<b>260,348</b>	<b>5,219,338</b>	<b>5,217,892</b>	<b>1,446</b>
Support Services - Central Services:					
Salaries	1,285,781	34,611	1,320,392	1,320,390	2
Unused Vacation Payment to Terminated/Retired Staff		10,948	10,948	10,948	
Purch Prof Services - Public Relations Costs	10,575	1,425	12,000	12,000	
Miscellaneous Purchased Services (400-500 Series, Other than 594)	28,500	16,923	45,423	45,422	1
Supplies and Materials	81,000	(6,379)	74,621	74,619	2
<b>Total Support Services - Central Services</b>	<b>1,405,856</b>	<b>57,528</b>	<b>1,463,384</b>	<b>1,463,379</b>	<b>5</b>
Support Services - Administration Information Technology:					
Salaries	606,703	(3,571)	603,132	603,131	1
Purchased Technical Services	230,800	(19,347)	211,453	188,528	22,925
Other Purchased Services (400-500 series)	2,000	(1,743)	257	257	
Supplies and Materials	94,250	(6,357)	87,893	87,892	1
<b>Total Support Services - Administration Information Technology</b>	<b>933,753</b>	<b>(31,018)</b>	<b>902,735</b>	<b>879,808</b>	<b>22,927</b>
Required Maintenance of School Facilities:					
Salaries	378,231	(64,882)	313,349	313,349	
Cleaning, Repair and Maintenance Services	1,307,914	(289,080)	1,018,834	787,504	231,330
General Supplies	167,500	(82,883)	84,617	84,404	213
<b>Total Required Maintenance of School Facilities</b>	<b>1,853,645</b>	<b>(436,845)</b>	<b>1,416,800</b>	<b>1,185,257</b>	<b>231,543</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services:					
Salaries	\$ 3,216,932	\$ 154,870	\$ 3,371,802	\$ 3,371,798	\$ 4
Purchased Professional and Technical Services	115,000	61,834	176,834	176,833	1
Cleaning, Repair and Maintenance Services	900,685	307,621	1,208,306	986,349	221,957
Rental of Land and Buildings Other Than Lease Purchase Agreements	30,000	(4,907)	25,093	25,093	
Lease Purchase Payments - Energy Savings Improvement Prog	567,083		567,083	567,083	
Other Purchased Property Services	218,705	17,063	235,768	235,767	1
Insurance	1,011,779	8,249	1,020,028	1,020,027	1
General Supplies	391,411	13,113	404,524	387,312	17,212
Energy (Natural Gas)	367,000	226,146	593,146	593,145	1
Energy (Electricity)	633,959	134,192	768,151	768,151	
Energy (Oil)	1,000	(1,000)			
Energy (Gasoline)	30,000	(10,438)	19,562	19,562	
<b>Total Custodial Services</b>	<b>7,483,554</b>	<b>906,743</b>	<b>8,390,297</b>	<b>8,151,120</b>	<b>239,177</b>
Care and Upkeep of Grounds:					
Salaries	139,356	(9,107)	130,249	130,248	1
Cleaning, Repair and Maintenance Services	135,000	(23,155)	111,845	111,844	1
General Supplies	37,500	(26,227)	11,273	11,273	
<b>Total Care and Upkeep of Grounds</b>	<b>311,856</b>	<b>(58,489)</b>	<b>253,367</b>	<b>253,365</b>	<b>2</b>
Security:					
Salaries	1,055,327	29,775	1,085,102	1,085,100	2
Purchased Professional and Technical Services	20,000	(10,000)	10,000	973	9,027
General Supplies	10,000	(193)	9,807	6,427	3,380
<b>Total Security</b>	<b>1,085,327</b>	<b>19,582</b>	<b>1,104,909</b>	<b>1,092,500</b>	<b>12,409</b>



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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services:					
Salaries for Pupil Transportation - Between Home & School - Regular	\$ 72,509	\$ (497)	\$ 72,012	\$ 72,012	
Salaries for Pupil Transportation - Between Home & School - Special	72,509	(225)	72,284	72,284	
Salaries for Pupil Transportation - Other Than Between Home & School	143,193	(6,280)	136,913	136,912	\$ 1
Unused Vacation Payment to Terminated/Retired Staff		2,380	2,380	2,380	
Management Fee - ESC & CTSA Transportation Programs	368,721	139,999	508,720	485,906	22,814
Other Purchased Professional and Technical Services	15,000	(11,250)	3,750	3,750	
Cleaning, Repair and Maintenance Services	15,436	(222)	15,214	15,213	1
Lease Purchase Payments - School Buses	21,937		21,937	21,937	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	300,000	(28,612)	271,388	271,387	1
Other than Between Home and School - Vendors	305,000	(42,036)	262,964	261,674	1,290
Regular Students - ESCs & CTSA	2,630,869	(33,361)	2,597,508	2,597,507	1
Special Education Students - ESCs & CTSA	4,530,960	541,184	5,072,144	5,072,144	
General Supplies	3,000	(3,000)			
<b>Total Student Transportation Services</b>	<b>8,479,134</b>	<b>558,080</b>	<b>9,037,214</b>	<b>9,013,106</b>	<b>24,108</b>
Unallocated Benefits:					
Social Security Contributions	2,200,000	(144,403)	2,055,597	2,055,597	
Other Retirement Contributions - PERS	1,900,000	(50,845)	1,849,155	1,849,155	
Other Retirement Contributions - Regular	380,832	(10,402)	370,430	370,429	1
Workmen's Compensation	598,700	(230,183)	368,517	332,554	35,963
Health Benefits	17,718,979	690,566	18,409,545	18,409,544	1
Tuition Reimbursement	200,000	(69,285)	130,715	129,785	930
Other Employee Benefits	375,000	(103,761)	271,239	271,238	1
<b>Total Unallocated Benefits</b>	<b>23,373,511</b>	<b>81,687</b>	<b>23,455,198</b>	<b>23,418,302</b>	<b>36,896</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits			\$ 5,286,098	\$ 5,286,098	\$ (5,286,098)
Pension			22,310,165	22,310,165	(22,310,165)
Non-Contributory Insurance			314,765	314,765	(314,765)
Long-Term Disability Insurance			6,747	6,747	(6,747)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			4,377,308	4,377,308	(4,377,308)
Total On-Behalf and Reimbursed Contributions			32,295,083	32,295,083	(32,295,083)
Total Personal Services - Employee Benefits	\$ 23,373,511	\$ 81,687	\$ 23,455,198	55,713,385	(32,258,187)
Total Undistributed Expenses	83,475,145	(25,340)	83,449,805	114,866,487	(31,416,682)
<b>TOTAL CURRENT EXPENSE</b>	<b>137,378,420</b>	<b>1,492,107</b>	<b>138,870,527</b>	<b>170,198,782</b>	<b>(31,328,255)</b>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1-5		47,128	47,128	47,127	1
Grades 6-8		4,908	4,908	4,907	1
Grades 9-12		17,567	17,567	6,551	11,016
Special Education		2,761	2,761	2,760	1
Operation & Maintenance of Plant Services		12,618	12,618	12,617	1
Non-Instructional Services	4,500	21,972	26,472	26,472	
Total Equipment	4,500	106,954	111,454	100,434	11,020
Facilities Acquisition and Construction Services:					
Other Puresh Services - Securing Our Children's Future Bond Act		321,888	321,888	85,938	321,888
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	85,938	321,888	407,826	85,938	321,888
<b>TOTAL CAPITAL OUTLAY</b>	<b>90,438</b>	<b>428,842</b>	<b>519,280</b>	<b>186,372</b>	<b>332,908</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 51,023	\$ 81,998	\$ 133,021	\$ 133,021	
<b>TOTAL EXPENDITURES</b>	<b>137,519,881</b>	<b>2,002,947</b>	<b>139,522,828</b>	<b>170,518,175</b>	<b>\$ (30,995,347)</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,528,826)	(2,002,947)	(6,531,773)	(2,836,528)	3,624,195
Other Financing Sources/(Uses):					
Transfers Out:					
Capital Reserve Transferred to Capital Projects Fund		(60,699)	(60,699)	(60,699)	
Food Service Enterprise Fund - Board Contribution	(114,263)	67,151	(47,112)	(42,848)	4,264
Total Other Financing Sources/(Uses)	(114,263)	6,452	(107,811)	(103,547)	4,264
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(4,643,089)	(1,996,495)	(6,639,584)	(2,940,075)	3,628,459
Fund Balance, July 1	13,207,314		13,207,314	13,207,314	
Fund Balance, June 30	\$ 8,564,225	\$ (1,996,495)	\$ 6,567,730	\$ 10,267,239	\$ 3,628,459
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 1,240,213	
Maintenance Reserve				584,278	
Unemployment Compensation				593,341	
Workers Compensation				198,022	
Assigned:					
Year-End Encumbrances				1,138,292	
Designated for Subsequent Year's Expenditures				4,000,000	
Unassigned Fund Balance				2,513,093	
				10,267,239	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(772,907)	
Fund Balance per Governmental Funds (GAAP)				\$ 9,494,332	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 300,000	\$ 432,680	\$ 732,680	\$ 597,445	\$ (135,235)
State Sources	720,000	464,080	1,184,080	1,003,391	(180,689)
Federal Sources	2,044,000	11,455,232	13,499,232	9,453,000	(4,046,232)
<b>Total Revenues</b>	<b>3,064,000</b>	<b>12,351,992</b>	<b>15,415,992</b>	<b>11,053,836</b>	<b>(4,362,156)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	350,000	2,416,461	2,766,461	598,279	2,168,182
Other Salaries for Instruction		210,000	210,000	206,484	3,516
Purchased Professional and Technical Services		5,200	5,200	2,200	3,000
Tuition	1,600,000	1,240,889	2,840,889	1,582,531	1,258,358
General Supplies	300,000	1,398,603	1,698,603	1,683,603	15,000
Textbooks	80,000	33,475	113,475	75,096	38,379
<b>Total Instruction</b>	<b>2,330,000</b>	<b>5,304,628</b>	<b>7,634,628</b>	<b>4,148,193</b>	<b>3,486,435</b>
Support Services:					
Other Salaries	5,000	226,118	231,118	229,793	1,325
Personal Services - Employee Benefits		82,000	82,000	78,796	3,204
Purchased Professional and Technical Services	425,000	720,075	1,145,075	1,112,932	32,143
Purchased Professional/Educational Services		288,000	288,000	277,112	10,888
Other Purchased Services	44,000	2,973,860	3,017,860	2,462,901	554,959
Supplies and Materials	210,000	215,530	425,530	349,753	75,777
Other Objects		750	750	300	450
Student Activities	50,000	441,031	491,031	491,031	
<b>Total Support Services</b>	<b>734,000</b>	<b>4,947,364</b>	<b>5,681,364</b>	<b>5,002,618</b>	<b>678,746</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment		2,100,000	2,100,000	1,919,700	180,300
<b>Total Facilities Acquisition and Construction Services</b>		<b>2,100,000</b>	<b>2,100,000</b>	<b>1,919,700</b>	<b>180,300</b>
<b>Total Expenditures</b>	<b>3,064,000</b>	<b>12,351,992</b>	<b>15,415,992</b>	<b>11,070,511</b>	<b>4,345,481</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 16,675</b>	<b>\$ (16,675)</b>

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

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 167,681,647	\$ 11,053,836
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances:		
Federal		(403,335)
State		(59,133)
Local		(10,000)
Prior Year Encumbrances:		
Federal		26,836
State		118,302
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	759,927	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(772,907)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 167,668,667</u>	 <u>\$ 10,726,506</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 170,518,175	\$ 11,070,511
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(472,468)
Prior Year Encumbrances		<u>145,138</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 170,518,175</u>	 <u>\$ 10,743,181</u>

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

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

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**



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

	Elementary and Secondary Education Act						Student Activities
	Title I, Part A	Title I SIA, Part A	Title IIA	Title III	Title III Immigrant	Title IV	
<b>REVENUE:</b>							
Local Sources							\$ 474,356
State Sources							
Federal Sources	\$ 467,448	\$ 97,226	\$ 92,471	\$ 8,063	\$ 686	\$ 70,430	
Total Revenue	<u>467,448</u>	<u>97,226</u>	<u>92,471</u>	<u>8,063</u>	<u>686</u>	<u>70,430</u>	<u>474,356</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	221,998						
Other Salaries for Instruction	2						
Purchased Professional and Technical Services							
Tuition							
General Supplies	21,422	49,585		899	686		
Textbooks							
Total Instruction	<u>243,422</u>	<u>49,585</u>		<u>899</u>	<u>686</u>		
Support Services:							
Other Salaries	69,562	47,641		4,466			
Personal Services - Employee Benefits	30,684			342			
Purchased Professional and Technical Services			82,540			70,430	
Purchased Professional/Educational Services							
Other Purchased Services	123,780		4,039				
Supplies and Materials			5,592		2,356		
Other Objects			300				
Student Activities							491,031
Total Support Services	<u>224,026</u>	<u>47,641.00</u>	<u>92,471</u>	<u>7,164</u>		<u>70,430</u>	<u>491,031</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	<u>\$ 467,448</u>	<u>\$ 97,226</u>	<u>\$ 92,471</u>	<u>\$ 8,063</u>	<u>\$ 686</u>	<u>\$ 70,430</u>	<u>\$ 491,031</u>

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

	ARP	Basic	IDEA Part B	2021-22	Preschool
	IDEA Basic	2021-22	2020-21	2021-22	2020-21
<b>REVENUE:</b>					
Local Sources					
State Sources					
Federal Sources					
Total Revenue	\$ 2,246	\$ 4,799	\$ 1,646,228	\$ 200	\$ 3,013
	2,246	4,799	1,646,228	200	3,013
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					
Other Salaries for Instruction			211,992		25,232
Purchased Professional and Technical Services			187,146		19,336
Tuition			883,722		
General Supplies					3,013
Textbooks					
Total Instruction			1,282,860		44,568
					3,013
Support Services:					
Other Salaries	2,280		96,192		9,563
Personal Services - Employee Benefits	174		37,230		4,141
Purchased Professional and Technical Services	2,345		8,752		
Purchased Professional/Educational Services			115,171	200	
Other Purchased Services			98,500		
Supplies and Materials			7,523		
Other Objects					
Student Activities					
Total Support Services	2,246	4,799	363,368	200	13,704
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 2,246	\$ 4,799	\$ 1,646,228	\$ 200	\$ 3,013

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

	COVID-19 American Rescue Plan	SDA Emergent and Capital Maintenance Needs	Nonpublic Textbooks	Nonpublic Auxiliary Compensatory Education	Nonpublic Handicapped (Ch. 193) Supplementary Examination & Instruction Classification	Corrective Speech
<b>REVENUE:</b>						
Local Sources						
State Sources	\$ 4,542,599	\$ 161,741	\$ 75,096	\$ 71,512	\$ 41,217	\$ 10,881
Federal Sources	45,000					
Total Revenue	<u>4,542,599</u>	<u>161,741</u>	<u>75,096</u>	<u>71,512</u>	<u>41,217</u>	<u>10,881</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Tuition						
General Supplies						
Textbooks			75,096			
Total Instruction			<u>75,096</u>			
Support Services:						
Other Salaries						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services	466,270			71,512	41,217	10,881
Purchased Professional/Educational Services		161,741				
Other Purchased Services	2,146,582					
Supplies and Materials	69,147					
Other Objects						
Student Activities						
Total Support Services	<u>2,681,999</u>	<u>161,741</u>		<u>71,512</u>	<u>41,217</u>	<u>10,881</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment	1,860,600					
Total Facilities Acquisition and Construction Services	<u>1,860,600</u>					
Total Expenditures	<u>\$ 4,542,599</u>	<u>\$ 161,741</u>	<u>\$ 75,096</u>	<u>\$ 71,512</u>	<u>\$ 41,217</u>	<u>\$ 10,881</u>

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

	COVID-19 - CRRSA							
	ESSER II	Learning Acceleration	ACSERS	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Local Grants	Total
<b>REVENUE:</b>								
Local Sources							\$ 123,089	\$ 597,445
State Sources	\$ 1,627,915	\$ 87,595	\$ 698,809	\$ 205,072	\$ 76,152	262,227		1,003,391
Federal Sources	1,627,915	87,595	698,809	205,072	76,152	262,227	123,089	9,453,000
Total Revenue								11,053,836
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	57,687	81,370						598,279
Other Salaries for Instruction							2,200	206,484
Purchased Professional and Technical Services			698,809					2,200
Tuition	1,475,719				76,152		56,127	1,582,531
General Supplies								1,683,603
Textbooks								75,096
Total Instruction	1,533,406	81,370	698,809		76,152		58,327	4,148,193
Support Services:								
Other Salaries	89							229,793
Personal Services - Employee Benefits		6,225						78,796
Purchased Professional and Technical Services	4,420			205,072			5,000	1,112,932
Purchased Professional/Educational Services								277,112
Other Purchased Services	90,000						662	2,462,901
Supplies and Materials								349,753
Other Objects								300
Student Activities								491,031
Total Support Services	94,509	6,225		205,072		262,227	5,662	5,002,618
Facilities Acquisition and Construction Services:								
Instructional Equipment							59,100	1,919,700
Total Facilities Acquisition and Construction Services							59,100	1,919,700
Total Expenditures	\$ 1,627,915	\$ 87,595	\$ 698,809	\$ 205,072	\$ 76,152	\$ 262,227	\$ 123,089	\$ 11,070,511

**CAPITAL PROJECTS FUND**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 60,699
Total Revenue and Other Financing Sources	<u>60,699</u>
Expenditures:	
Purchased Professional and Technical Services	171,372
Construction Services	5,479,344
Total Expenditures:	<u>5,650,716</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(5,590,017)
Fund Balance - Beginning Balance	<u>13,956,566</u>
Fund Balance - Ending Balance	<u>\$ 8,366,549</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 1,125,789
Committed Fund Balance	2,029,972
Total Committed Fund Balance	<u>3,155,761</u>
Restricted Fund Balance:	
Year-End Encumbrances	4,619,507
Restricted Fund Balance	591,281
Total Restricted Fund Balance	<u>5,210,788</u>
Total Fund Balance (Budgetary)	8,366,549
Reconciliation to Governmental Funds Statements (GAAP):	
Township Receivables not Recognized on the GAAP Basis	(2,960,499)
SDA Receivables not Recognized on the GAAP Basis	(990,572)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,415,478</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2020-019  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 4,425,850		\$ 4,425,850	\$ 4,425,850
Total Revenues and Other Financing Sources	<u>4,425,850</u>	<u>\$ -0-</u>	<u>4,425,850</u>	<u>4,425,850</u>
Expenditures:				
Purchased Professional and Technical Services	160,370	24,000	184,370	196,670
Construction Services	<u>345,769</u>	<u>1,248,452</u>	<u>1,594,221</u>	<u>4,229,180</u>
Total Expenditures	<u>506,139</u>	<u>1,272,452</u>	<u>1,778,591</u>	<u>4,425,850</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 3,919,711</u>	<u>\$ (1,272,452)</u>	<u>\$ 2,647,259</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCES #2019-002  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Total</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair:				
Bond Ordinance Proceeds	\$ 2,991,877		\$ 2,991,877	\$ 2,991,877
Transfer from Capital Reserve	159,738	\$ 60,699	220,437	220,437
Total Revenues and Other Financing Sources	<u>3,151,615</u>	<u>60,699</u>	<u>3,212,314</u>	<u>3,212,314</u>
Expenditures:				
Purchased Professional and Technical Services	325,684	20,075	345,759	345,759
Construction Services	989,070	1,368,983	2,358,053	2,866,555
Total Expenditures	<u>1,314,754</u>	<u>1,389,058</u>	<u>2,703,812</u>	<u>3,212,314</u>
Excess/(Deficiency) of Revenues and Other				
Financing Sources Over/(Under) Expenditures	<u>\$ 1,836,861</u>	<u>\$ (1,328,359)</u>	<u>\$ 508,502</u>	<u>\$ -0-</u>

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



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DISTRICT-WIDE ENERGY SAVINGS IMPROVEMENT PROGRAM (ESIP)  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
ESIP Financed Purchase Proceeds	\$ 10,720,000		\$ 10,720,000	\$ 10,720,000
Total Revenues and Other Financing Sources	10,720,000	\$ -0-	10,720,000	10,720,000
Expenditures:				
Purchased Professional and Technical Services	630,012	127,297	757,309	794,899
Construction Services	2,481,275	2,861,909	5,343,184	9,925,101
Total Expenditures	3,111,287	2,989,206	6,100,493	10,720,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 7,608,713	\$ (2,989,206)	\$ 4,619,507	\$ -0-

**Additional Project Information:**

Project Number:	Various
Lease Authorization Date:	12/20/2020
Lease Authorized:	\$10,720,000
Lease Issued:	\$10,720,000
Original Authorized Cost:	\$10,720,000
Revised Authorized Cost:	\$10,720,000
Percentage Completion:	56.91%
Original Target Completion Date:	6/30/24
Revised Target Completion Date:	6/30/24

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DISTRICT WIDE SCHOOL RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**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:	\$ 2,487,388
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	78.31%
Original Target Completion Date:	8/30/16
Revised Target Completion Date:	N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**Additional Project Information:**

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**Additional Project Information:**

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

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

**PROPRIETARY FUNDS**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2022

	Major Fund	Non-Major Funds			Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	Total	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 146,843	\$ 233,349	\$ 77,036	\$ 310,385	\$ 457,228
Intergovernmental Receivable:					
State	8,348				8,348
Federal	377,293				377,293
Accounts Receivable:					
Other		2,800		2,800	2,800
Student - (less allowance of \$72,562)	15,000				15,000
Interfund Receivable	4,945	1,479		1,479	6,424
Inventories	24,907				24,907
Total Current Assets	577,336	237,628	77,036	314,664	892,000
Non-Current Assets:					
Capital Assets	573,588				573,588
Less: Accumulated Depreciation	(465,012)				(465,012)
Total Non-Current Assets	108,576				108,576
Total Assets	685,912	237,628	77,036	314,664	1,000,576
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	11,370				11,370
Prepaid Meals	70,620				70,620
Prepaid Summer Program		182,877		182,877	182,877
Accounts Payable	113,208				113,208
Total Liabilities	195,198	182,877		182,877	378,075
<u>NET POSITION:</u>					
Investment in Capital Assets	108,576				108,576
Unrestricted	382,138	54,751	77,036	131,787	513,925
Total Net Position	\$ 490,714	\$ 54,751	\$ 77,036	\$ 131,787	\$ 622,501

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

	Major Fund	Non-Major Funds		Total Enterprise Funds
	Food Service Program	Summer Program	Provisional Teacher	
Operating Revenue:				
Local Sources:				
Daily Sales:				
Non-Reimbursable Programs	\$ 160,493			\$ 160,493
Special Functions	18,594			18,594
Program Fees		\$ 187,422		\$ 187,422
Mentor Fees			\$ 80,866	80,866
Total Operating Revenue	<u>179,087</u>	<u>187,422</u>	<u>80,866</u>	<u>268,288</u>
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	704,450			704,450
Non-Reimbursable Programs	69,672			69,672
Total Cost of Sales	<u>774,122</u>			<u>774,122</u>
Salaries, Benefits & Payroll Taxes	663,857	202,043	49,000	251,043
Administrative Expenses	108,663	30,704	2,500	33,204
Supplies and Materials	144,147			144,147
Management Fee	100,529			100,529
Depreciation	31,144			31,144
Total Operating Expenses	<u>1,822,462</u>	<u>232,747</u>	<u>51,500</u>	<u>284,247</u>
Operating Income/(Loss)	<u>(1,643,375)</u>	<u>(45,325)</u>	<u>29,366</u>	<u>(1,659,334)</u>
Non-Operating Revenue:				
Local Sources:				
Interest Income	248			248
State Sources:				
COVID-19 Seamless Summer Option	38,615			38,615
Federal Sources:				
COVID-19 Seamless Summer Option:				
Breakfast	68,979			68,979
Lunch	1,644,966			1,644,966
Food Distribution Program	31,019			31,019
COVID-19 Pandemic Electronic Benefit Transfer	3,063			3,063
COVID-19 Emergency Operational Cost Reimbursement	47,196			47,196
Total Non-Operating Revenue	<u>1,834,086</u>			<u>1,834,086</u>
Change in Net Position Before Transfer	190,711	(45,325)	29,366	(15,959)
Transfer In - Board Contributions	42,848			42,848
Change in Net Position After Transfer	233,559	(45,325)	29,366	(15,959)
Net Position - Beginning of Year	257,155	100,076	47,670	147,746
Net Position - End of Year	<u>\$ 490,714</u>	<u>\$ 54,751</u>	<u>\$ 77,036</u>	<u>\$ 131,787</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Fund	Summer Program	Non-Major Funds Provisional Teacher	Total	Total Enterprise Funds
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 160,597	\$ 244,146	\$ 80,866	\$ 325,012	\$ 485,609
Receipts from Special Functions	18,594				18,594
Payments to Employees		(203,522)	(49,000)	(252,522)	(252,522)
Payments to Food Service Management Contractor	(1,700,810)				(1,700,810)
Payments to Suppliers	(26,545)		(2,500)	(2,500)	(29,045)
Other Payments		(30,703)		(30,703)	(30,703)
Net Cash Provided by/(Used for) Operating Activities	(1,548,164)	9,921	29,366	39,287	(1,508,877)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(8,028)				(8,028)
Net Cash (Used for) Capital and Related Financing Activities	(8,028)				(8,028)
Cash Flows from Investing Activities:					
Local Sources - Interest Income	248				248
Net Cash Provided by Investing Activities	248				248
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	1,489,448				1,489,448
Cash Received from Transfers - General Fund:					
Board Contribution	42,848				42,848
Net Cash Provided by Noncapital Financing Activities	1,532,296				1,532,296
Net Increase/(Decrease) in Cash and Cash Equivalents	(23,648)	9,921	29,366	39,287	15,639
Cash and Cash Equivalents, July 1	170,491	223,428	47,670	271,098	441,589
Cash and Cash Equivalents, June 30	\$ 146,843	\$ 233,349	\$ 77,036	\$ 310,385	\$ 457,228



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
	<u>Food Service Program</u>	<u>Summer Program</u> <u>Provisional Teacher</u>	<u>Enterprise Funds</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (1,643,375)	\$ 29,366	\$ (1,659,334)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,144		31,144
Food Distribution Program	31,019		31,019
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	104	(2,800)	(2,800)
(Increase) in Inventory	(3,146)		(3,146)
Increase/(Decrease) in Unearned Revenue:			
Increase in Commodities	6,247		6,247
Prepaid Meals/Summer Program	(9,744)	59,525	49,781
Increase/(Decrease) in Accounts Payable	39,587	(1,479)	38,108
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (1,548,164)</u>	<u>\$ 29,366</u>	<u>\$ (1,508,877)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$37,266 and utilized \$31,019 for the fiscal year ended June 30, 2022.

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

**LONG-TERM DEBT**

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

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2021</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
School Bus and Maintenance Vehicles and Equipment	\$ 360,000	2.4363%	\$ 216,302	\$ 70,372	\$ 145,930
ESIP	10,720,000	1.5010%	<u>10,720,000</u>	<u>330,076</u>	<u>10,389,924</u>
			<u>\$ 10,936,302</u>	<u>\$ 400,448</u>	<u>\$ 10,535,854</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

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

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

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

	June 30,				
	2013	2014	2015	2016	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 68,606,368	\$ 68,012,577	\$ 68,237,797	\$ 69,244,827	\$ 70,432,489
Restricted	11,270,241	5,435,873	2,077,874	1,848,364	932,617
Unrestricted/(Deficit)	1,190,578	(36,052,630)	(35,356,656)	(37,474,573)	(41,390,483)
Total Governmental Activities Net Position	<u>\$ 81,067,187</u>	<u>\$ 37,395,820</u>	<u>\$ 34,959,015</u>	<u>\$ 33,618,618</u>	<u>\$ 29,974,623</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 169,864	\$ 174,783	\$ 261,002	\$ 281,029	\$ 271,779
Unrestricted	384,192	358,381	348,006	232,931	181,222
Total Business-Type Activities Net Position	<u>\$ 554,056</u>	<u>\$ 533,164</u>	<u>\$ 609,008</u>	<u>\$ 513,960</u>	<u>\$ 453,001</u>
District-Wide:					
Net Investment in Capital Assets	\$ 68,776,232	\$ 68,187,360	\$ 68,498,799	\$ 69,525,856	\$ 70,704,268
Restricted	11,270,241	5,435,873	2,077,874	1,848,364	932,617
Unrestricted/(Deficit)	1,574,770	(35,694,249)	(35,008,650)	(37,241,642)	(41,209,261)
Total District Net Position	<u>\$ 81,621,243</u>	<u>\$ 37,928,984</u>	<u>\$ 35,568,023</u>	<u>\$ 34,132,578</u>	<u>\$ 30,427,624</u>
	June 30,				
	2018	2019	2020	2021	2022
Governmental Activities:					
Net Investment in Capital Assets	\$ 64,373,948	\$ 66,135,874	\$ 67,953,730	\$ 59,373,803	\$ 64,624,515
Restricted	3,183,026	2,938,977	4,326,268	4,238,524	4,262,899
Unrestricted/(Deficit)	(39,544,086)	(39,840,119)	(39,048,062)	(26,100,275)	(26,488,939)
Total Governmental Activities Net Position	<u>\$ 28,012,888</u>	<u>\$ 29,234,732</u>	<u>\$ 33,231,936</u>	<u>\$ 37,512,052</u>	<u>\$ 42,398,475</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 207,986	\$ 181,994	\$ 162,836	\$ 131,692	\$ 108,576
Unrestricted	199,246	159,875	120,736	273,209	513,925
Total Business-Type Activities Net Position	<u>\$ 407,232</u>	<u>\$ 341,869</u>	<u>\$ 283,572</u>	<u>\$ 404,901</u>	<u>\$ 622,501</u>
District-Wide:					
Net Investment in Capital Assets	\$ 64,581,934	\$ 66,317,868	\$ 68,116,566	\$ 59,505,495	\$ 64,733,091
Restricted	3,183,026	2,938,977	4,326,268	4,238,524	4,262,899
Unrestricted/(Deficit)	(39,344,840)	(39,680,244)	(38,927,326)	(25,827,066)	(25,975,014)
Total District Net Position	<u>\$ 28,420,120</u>	<u>\$ 29,576,601</u>	<u>\$ 33,515,508</u>	<u>\$ 37,916,953</u>	<u>\$ 43,020,976</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2021	2022	
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 50,419,530	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089	\$ 63,995,455	\$ 62,060,879	\$ 88,219,173	\$ 88,219,173
Special Education	13,673,747	14,463,175	14,035,556	15,619,647	17,774,029	17,471,766	16,803,010	16,581,273	18,013,387	22,045,080
Other Special Instruction	2,448,400	2,517,238	3,070,118	3,020,620	3,418,485	3,220,413	3,087,101	2,708,268	2,226,687	2,634,898
School-Sponsored Instruction	1,778,949	1,873,094	2,025,116	2,021,715	2,261,364	2,362,269	2,256,499	2,391,272	2,314,355	2,008,880
Support Services:										
Tuition	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960	7,487,964
Student & Instruction Related Services	23,111,451	24,620,537	30,765,348	33,896,334	38,160,334	37,539,210	36,128,092	36,178,811	38,470,861	31,627,130
School Administrative Services	5,797,230	6,618,614	2,358,740	2,203,262	2,505,852	2,314,025	2,395,882	2,947,055	2,943,932	2,759,993
General and Business Administrative Services	2,064,650	1,954,247	6,900,062	7,362,141	8,378,945	8,168,027	7,922,147	7,805,301	7,750,757	9,157,337
Central Services	1,645,518	1,917,572	2,050,988	2,013,448	2,258,488	2,344,001	2,134,357	2,024,091	2,552,765	1,877,826
Administrative Information Technology	297,595	771,619	1,011,762	1,212,581	1,232,712	1,255,705	1,366,579	1,241,864	1,349,278	1,209,237
Plant Operations And Maintenance	9,178,249	9,640,014	9,855,524	10,270,734	11,127,101	11,492,712	12,933,955	11,675,129	13,252,878	12,026,941
Pupil Transportation	4,666,981	4,615,598	4,762,678	4,850,939	5,542,086	4,920,476	7,250,517	6,657,707	3,691,149	8,968,947
Capital Outlay	85,938	85,938	180,752	180,752						85,938
Special Schools	477,788	402,760	156,178	156,178						
Transfer to Charter School		7,204	10,420	10,420						
Unallocated Depreciation		2,358,404	2,342,056	2,377,849	2,432,401	2,432,401	2,023,702	2,023,702	2,023,702	2,023,702
Total Governmental Activities Expenses	\$ 123,289,091	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716	\$ 168,081,344	\$ 167,845,559	\$ 165,675,799	\$ 161,329,125	\$ 164,485,819	\$ 192,266,067
Business-Type activities:										
Food Service	\$ 1,192,701	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749	\$ 1,280,854	\$ 1,513,737	\$ 1,547,031	\$ 1,226,186	\$ 568,999	\$ 1,822,462
Provisional Teacher	80,041	70,433	69,983	76,134	61,175	26,820	51,040	27,500	29,500	51,500
Saturday Music	20,260									
Summer Programs				11,720	210,340	312,763	320,478	345,103	16,860	232,747
Total Business-Type Activities Expense	1,293,002	1,274,819	1,312,156	1,357,603	1,552,369	1,853,320	1,918,549	1,598,789	615,359	2,106,709
Total District Expenses	\$ 124,582,093	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879	\$ 167,594,348	\$ 162,927,914	\$ 165,101,178	\$ 194,372,776
<b>Program Revenues:</b>										
Governmental Activities:										
Charges For Services:										
Tuition	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739	\$ 167,105	\$ 93,643	\$ 103,243	\$ 71,680	\$ 29,895
Student & Instruction Related Services	415,348	331,246	108,719						365,077	474,356
Special Schools										
Pupil Transportation					6,572					
Operating Grants and Contributions	19,506,729	18,068,049	32,701,958	38,048,010	50,727,530	54,167,407	44,827,895	40,115,416	44,893,550	68,535,856
Capital Grants and Contributions	3,243,859	528,704	1,731,544	2,017,080	2,203,366	2,027,323	3,935,989	3,067,311	1,299,430	4,210,506
Total Governmental Activities Program Revenues	\$ 23,533,880	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833	\$ 52,978,207	\$ 56,361,835	\$ 48,857,527	\$ 43,285,970	\$ 46,629,737	\$ 73,250,613

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Program Revenues:</b>										
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296	\$ 739,059	\$ 838,844	\$ 581,470	\$ 23,050	\$ 179,087
Provisional Teacher	72,517	68,600	69,735	66,250	41,460	26,500	40,800	44,150	59,550	80,866
Saturday Music	13,909									
Summer Programs					179,056	310,264	310,667	319,223	16,800	187,422
Operating Grants and Contributions	642,348	520,727	583,235	547,337	542,509	550,354	545,382	446,495	618,568	1,833,838
Total Business-Type Activities Program Revenues	1,192,338	1,059,786	1,256,815	1,169,987	1,287,321	1,626,177	1,735,693	1,391,338	717,968	2,281,213
Total District Program Revenues	\$ 24,726,218	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012	\$ 50,593,220	\$ 44,677,308	\$ 47,347,705	\$ 75,531,826
Net (Expense)/Revenue Governmental Activities	\$ (99,755,211)	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)	\$ (116,818,272)	\$ (118,043,155)	\$ (117,856,082)	\$ (119,015,454)
Net (Expense)/Revenue Business-Type Activities	(100,664)	(215,033)	(55,341)	(187,616)	(265,048)	(227,143)	(182,856)	(207,451)	102,609	174,504
Total District-Wide Net Expense	\$ (99,855,875)	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)	\$ (117,001,128)	\$ (118,250,606)	\$ (117,753,473)	\$ (118,840,950)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307	\$ 123,037,813
Federal and State Aid not Restricted	1,346,151	1,604,800	1,477,037	1,510,302	1,619,868	1,521,257	1,185,833	1,163,802	1,158,116	382,298
Prior Year Accounts Payable Canceled			98,740							
Miscellaneous Income	454,293	474,576	2,177,858	938,497	581,255	672,760	1,009,936	1,972,974	365,404	524,614
Transfers	(115,000)	(166,215)	(100,830)	(92,321)	(203,668)	(224,425)	(116,397)	(127,038)	(18,585)	(42,848)
Total Governmental Activities	99,195,142	99,422,859	105,144,891	108,060,486	111,919,053	114,606,140	118,020,651	121,269,843	122,130,242	123,901,877
Business-Type Activities:										
Investment Earnings	242	187	190	247	421	1,042	1,096	720	135	248
Miscellaneous			105,165							
Allowance for Doubtful Accounts			(75,000)							
Prior Year Accounts Payable Canceled	107,215	895								
Other Items										
Transfers	115,000	166,215	100,830	92,321	203,668	224,425	116,397	127,038	18,585	42,848
Total Business-Type Activities	222,457	167,297	131,185	92,568	204,089	239,414	117,493	149,154	18,720	43,096
Total District-Wide	\$ 99,417,599	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554	\$ 118,138,144	\$ 121,418,997	\$ 122,148,962	\$ 123,944,973
Change in Net Position:										
Governmental Activities	\$ (560,069)	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416	\$ 1,202,379	\$ 3,226,688	\$ 4,274,160	\$ 4,886,423
Business-Type Activities	121,793	(47,736)	75,844	(95,048)	(60,959)	12,271	(65,363)	(58,297)	121,329	217,600
Total District	\$ (438,276)	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687	\$ 1,137,016	\$ 3,168,391	\$ 4,395,489	\$ 5,104,023

Source: School District Financial Reports



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

	June 30,				
	2013	2014	2015	2016	2017
General Fund:					
Restricted	\$ 9,068,839	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090	\$ 1,277,073
Assigned	1,587,304	2,843,119	724,878	989,770	492,636
Unassigned	1,572,302	136,498	1,766,252	1,674,878	1,633,232
Total General Fund	<u>\$ 12,228,445</u>	<u>\$ 8,367,887</u>	<u>\$ 4,512,201</u>	<u>\$ 4,677,738</u>	<u>\$ 3,402,941</u>
All Other Governmental Funds:					
Restricted/(Deficit)	\$ 2,201,402	\$ 47,603	\$ 1,108,168	\$ (188,987)	\$ (372,589)
Committed			56,803	24,261	28,133
Unassigned/(Deficit)					
Total All Other Governmental Funds/(Deficit)	<u>\$ 2,201,402</u>	<u>\$ 47,603</u>	<u>\$ 1,164,971</u>	<u>\$ (164,726)</u>	<u>\$ (344,456)</u>
Total All Funds	<u>\$ 14,429,847</u>	<u>\$ 8,415,490</u>	<u>\$ 5,677,172</u>	<u>\$ 4,513,012</u>	<u>\$ 3,058,485</u>
	June 30,				
	2018	2019	2020	2021	2022
General Fund:					
Restricted	\$ 3,183,026	\$ 2,938,977	\$ 3,956,858	\$ 3,834,521	\$ 2,615,854
Assigned	2,249,784	877,110	2,245,120	3,337,331	5,138,292
Unassigned	2,720,300	2,974,080	2,847,421	5,275,535	1,740,186
Total General Fund	<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>
All Other Governmental Funds:					
Restricted			\$ 375,366	\$ 7,613,425	\$ 1,647,045
Committed		\$ 1,028,082	20,628	180,365	3,155,761
Unassigned/(Deficit)	\$ (378,664)	(399,291)	(399,291)		
Total All Other Governmental Funds/(Deficit)	<u>\$ (378,664)</u>	<u>\$ 628,791</u>	<u>\$ (3,297)</u>	<u>\$ 7,793,790</u>	<u>\$ 4,802,806</u>
Total All Funds	<u>\$ 7,774,446</u>	<u>\$ 7,418,958</u>	<u>\$ 9,046,102</u>	<u>\$ 20,241,177</u>	<u>\$ 14,297,138</u>

Source: School District Financial Reports

MONTECLAIR TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Tax Levy	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548	\$ 115,941,279	\$ 118,260,105	\$ 120,625,307	\$ 123,037,813
Miscellaneous	4,373,995	1,590,795	4,582,287	3,262,815	1,036,493	1,118,230	1,228,492	2,311,923	889,442	1,141,953
State Sources	18,668,742	17,469,858	18,966,267	21,031,329	23,756,709	26,275,848	29,778,109	30,698,193	35,560,876	45,079,959
Federal Sources	2,291,588	3,114,493	2,587,313	2,737,851	2,747,845	2,349,697	2,658,073	2,354,949	3,457,752	9,135,448
Total Revenue	122,844,023	119,684,844	127,627,953	132,736,003	137,462,645	142,380,323	149,605,953	153,625,170	160,533,377	178,395,173
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	37,940,996	37,230,553	39,336,934	37,622,800	38,597,011	39,240,747	39,686,743	40,461,073	39,955,377	48,256,102
Special Education Instruction	10,449,884	11,265,160	9,531,955	10,158,894	10,304,567	9,932,543	10,539,971	10,735,761	11,440,572	11,062,205
Other Instruction	1,832,553	1,885,558	2,061,075	2,004,902	2,068,291	1,951,708	2,030,686	1,830,996	1,455,854	1,487,639
School-Sponsored Instruction	1,410,772	1,491,489	1,470,382	1,391,942	1,392,876	1,454,363	1,494,818	1,615,837	1,540,662	1,602,227
<b>Support Services:</b>										
Tuition	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449	7,335,532	7,015,380	7,171,960	7,487,964
Student and Instruction Related Services	17,346,129	18,492,787	21,224,914	22,622,671	22,995,689	22,504,370	23,301,465	24,449,945	25,999,532	24,080,954
Central Services	1,250,862	1,423,763	1,399,045	1,990,035	1,342,054	1,314,916	1,363,776	1,328,422	1,359,176	1,463,379
Administrative Information Technology	268,544	713,418	725,469	4,612,683	803,152	798,073	838,030	758,215	834,524	879,808
General Administrative Services	1,917,706	1,833,498	2,172,875	1,310,991	2,081,026	1,879,769	2,074,750	2,528,679	2,459,035	2,400,262
School Administrative Services	4,310,048	4,574,757	4,505,564	843,050	4,732,220	4,578,561	4,787,560	4,812,556	4,861,129	5,217,892
Plant Operations And Maintenance	7,858,131	8,035,186	7,856,149	7,803,481	7,935,925	8,027,385	9,717,222	8,833,502	10,216,526	10,682,242
Pupil Transportation	4,587,314	4,519,707	4,643,965	4,708,140	5,290,632	4,702,946	7,066,626	6,543,608	3,555,992	9,013,106
Unallocated Benefits	25,808,190	26,020,243	27,210,100	29,818,675	33,415,259	35,503,265	39,199,306	40,443,259	45,651,292	55,713,585
Special Schools	477,788	402,760	156,178							
Transfer to Charter Schools		7,204	10,420	10,448	43,223	33,016	42,971	18,393	19,165	133,021
Capital Outlay	2,841,957	2,728,830	3,515,868	4,098,791	3,616,859	2,181,404	4,261,714	4,684,478	4,688,693	7,431,886
Total Expenditures	123,400,320	125,532,986	130,566,873	134,119,004	140,369,203	140,063,515	153,741,170	156,060,104	161,209,489	186,912,072
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)	(2,906,558)	2,316,808	(4,135,217)	(2,434,934)	(676,112)	(8,516,899)
<b>Other Financing Sources/(Uses):</b>										
Financed Purchases (Non-Budgeted)			301,432	269,429	97,140			360,000	1,169,772	2,615,708
Montclair Improvement Authorization					2,203,366	1,993,588	3,896,126	3,033,179	10,720,000	
ESIP Financed Purchases Proceeds					463	2,438	1,020,165	88,052	160,729	60,699
Transfers In		68,771	2,384,926	11,215		(226,863)	(1,136,562)	(215,090)	(179,314)	(103,547)
Transfers Out	(115,000)	(234,986)	(2,485,756)	(61,803)	(204,131)					
Total Other Financing Sources/(Uses)	(115,000)	(166,215)	200,602	218,841	2,096,838	1,769,163	3,779,729	3,266,141	11,871,187	2,572,860
Net Change In Fund Balances	\$ (671,297)	\$ (6,014,357)	\$ (2,738,318)	\$ (1,164,160)	\$ (809,720)	\$ 4,085,971	\$ (355,488)	\$ 831,207	\$ 11,195,075	\$ (5,944,039)
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

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

UNAUDITED

*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities		Prior Year Refunds	Subscription Busing		Other	Total
2013	\$ 46,645	\$ 73,144	\$ 129,622	\$ 161,535	\$	\$ 526,640	\$ 937,586		
2014	59,993	67,944	107,772	202,391		440,865	878,965		
2015	37,710	58,083	125,326	1,896,152 *		326,129	2,443,400		
2016	43,155	41,743	41,057	651,887 *		202,142	979,984		
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103		
2018	205,962	167,105	100,965	106,132		257,263	837,427		
2019	407,443	93,643	163,536	188,857		237,390	1,090,869		
2020	297,216	103,243	48,139	1,215,186 #		400,880	2,064,664		
2021	23,709	71,680	12,364	184,863		143,477	436,093		
2022	25,795	29,895	83,351	260,043		155,425	554,509		

\* - Includes a refund from Horizon Blue Cross

# - Includes a final settlement from prior health benefits plan provider

Source: Montclair Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2012	* \$ 16,130,300	\$ 4,900,422,400	\$ 590,234,900	\$ 4,539,500	\$ 252,992,300	\$ 5,764,319,400	\$ 659,913,200	\$ 11,362,189	\$ 5,775,681,589	\$ 1.79	\$ 6,881,985,278
2013	16,472,400	4,894,705,110	588,899,400	4,539,500	252,173,500	5,756,789,910	656,601,900	9,368,010	5,766,157,920	1.80	6,603,712,425
2014	16,727,600	4,879,173,310	584,383,400	4,539,200	249,503,700	5,734,327,210	657,086,100	8,380,841	5,742,708,051	1.87	6,519,107,090
2015	17,538,800	4,883,842,510	577,300,700	4,539,200	246,801,000	5,730,022,210	657,073,600	7,948,928	5,737,971,138	1.97	6,746,283,622
2016	17,238,900	4,879,919,300	569,184,400	3,891,000	240,140,600	5,710,374,200	672,102,200	8,386,600	5,718,760,800	2.05	6,805,822,663
2017	16,524,600	4,895,004,400	563,938,000	3,891,000	243,149,800	5,722,507,800	699,897,000	8,116,600	5,730,624,400	2.11	7,107,693,577
2018	* 22,525,800	5,998,997,600	692,562,000	7,212,800	308,366,600	7,029,664,800	912,136,400	10,160,600	7,039,825,400	1.65	7,359,549,675
2019	27,821,000	6,008,889,700	693,121,700	7,212,800	313,571,400	7,050,616,600	910,875,000	9,411,300	7,060,027,900	1.68	7,836,749,193
2020	28,846,400	6,025,614,100	690,123,600	5,023,000	321,723,500	7,071,330,600	790,819,700	9,422,700	7,080,753,300	1.70	7,923,346,758
2021	26,461,900	6,038,567,900	693,817,200	5,023,000	328,114,900	7,091,984,900	779,715,500	9,629,400	7,101,614,300	1.85	8,077,971,840

\* - Revaluation year.

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

Reassessment occurs when ordered by the County Board of Taxation

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

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

Year Ended December 31,	Montclair Township School District					
	Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>	Total Direct	Montclair Township	Essex County	
2012	* \$ 1.79 *		\$ 1.79 *	\$ 0.92 *	\$ 0.54 *	\$ 3.25
2013	1.80		1.80	0.94	0.56	3.30
2014	1.87		1.87	0.95	0.59	3.41
2015	1.97		1.97	0.95	0.61	3.53
2016	2.05		2.05	0.96	0.62	3.63
2017	2.11		2.11	0.98	0.64	3.73
2018	* 1.65 *		1.65 *	0.92 *	0.52 *	3.09
2019	1.68		1.68	0.93	0.54	3.15
2020	1.70		1.70	0.93	0.55	3.18
2021	1.85		1.85	0.84	0.55	3.23

\* - Revaluation year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2022			2013		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliffe Apartments		\$ 18,757,000	0.23 %	Rockcliffe Apartments	\$ 15,146,300	0.23 %
Rockledge 36, LLC		13,812,500	0.17 %	Lackawanna Associates	1,500,000	0.02 %
Belleclair, LLC		11,578,400	0.14 %	Hawthorne Towers Partnership	11,448,200	0.17 %
Montclairion Associates LP % Atlantic		10,823,800	0.13 %	Richard Grabowsky, LLC	10,985,400	0.17 %
Orange Pavilion, LLC		10,764,800	0.13 %	Princeton BK & Industry Construction Group	10,786,600	0.16 %
45 Church St Assoc % Afflia MGMT		10,126,800	0.13 %	Belleclair, LLC	10,649,300	0.16 %
MKM Holdings		9,292,800	0.12 %	Orange Pavilion	9,250,000	0.14 %
The Midland Realty Group		8,862,500	0.11 %	45 Church Street Associates	8,500,000	0.13 %
BDP Lackawanna LLC		8,600,000	0.11 %	Gordonhurst Associates	7,712,600	0.12 %
510 Valley Road LLC		8,333,700	0.10 %	Midland Realty Associates	6,688,400	0.10 %
Total		\$ 110,952,300	1.37 %		\$ 92,666,800	1.40 %

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 97,509,698	\$ 97,509,698	100.00%	\$ -0-
2014	97,509,698	97,509,698	100.00%	-0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-
2017	109,921,598	109,921,598	100.00%	-0-
2018	112,636,548	112,636,548	100.00%	-0-
2019	115,941,279	115,941,279	100.00%	-0-
2020	118,260,105	118,260,105	100.00%	-0-
2021	120,625,307	120,625,307	100.00%	-0-
2022	123,037,813	123,037,813	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases					
2013	\$ -0-	\$ -0-		\$ -0-	\$ -0-	0.00 %	\$ -0-
2014	-0-	-0-		-0-	-0-	0.00 %	-0-
2015	-0-	251,561		-0-	251,561	0.01 %	6.64
2016	-0-	370,546		-0-	370,546	0.02 %	9.62
2017	-0-	295,855		-0-	295,855	0.01 %	7.65
2018	-0-	125,776		-0-	125,776	0.01 %	3.25
2019	-0-	39,649		-0-	39,649	0.00 %	1.02
2020	-0-	305,184		-0-	305,184	0.01 %	7.93
2021	-0-	10,936,302		-0-	10,936,302	0.43 %	267.16
2022	-0-	10,535,854		-0-	10,535,854	0.37 %	257.38

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

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

Source: School District Financial Reports



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

NOT APPLICABLE

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Montclair	\$ 70,679,036	100.00%	\$ 70,679,036
Essex County General Obligation Debt	682,082,186	8.70%	<u>59,339,166</u>
Subtotal, Overlapping Debt			130,018,202
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 130,018,202</u></u>

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

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

<sup>a</sup> 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 2022

<u>Equalized Valuation Basis</u>	Montclair Township
2021	\$ 8,601,808,828
2020	8,031,039,864
2019	7,876,903,810
	<u>\$24,509,752,502</u>
Average Equalized Valuation of Taxable Property	<u>\$ 8,169,917,501</u>
Debt Limit (4% of Average Equalization Value) <sup>a</sup>	\$ 326,796,700
Net Bonded School Debt as of June 30, 2021	-0-
Legal Debt Margin	<u>\$ 326,796,700</u>

Montclair Township Debt Information

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$273,247,823	\$266,007,265	\$264,469,326	\$ 267,474,394	\$ 274,796,198
Total Net Debt Applicable to Limit	80,327,640	71,192,725	72,870,022	67,789,226	70,852,863
Legal Debt Margin	<u>\$192,920,183</u>	<u>\$194,814,540</u>	<u>\$191,599,304</u>	<u>\$ 199,685,168</u>	<u>\$ 204,088,655</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	29.40%	26.76%	27.55%	25.34%	25.78%

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$282,475,277	\$295,500,638	\$306,237,077	\$ 315,983,633	\$ 326,796,700
Total Net Debt Applicable to Limit	71,214,780	74,314,083	73,580,409	72,480,501	70,679,036
Legal Debt Margin	<u>\$120,408,141</u>	<u>\$221,186,555</u>	<u>\$232,656,668</u>	<u>\$ 243,503,132</u>	<u>\$ 256,117,664</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.21%	25.15%	24.03%	22.94%	21.63%

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

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

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

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	37,788	\$ 2,061,108,672	\$ 54,544	6.70%
2014	37,834	2,161,569,922	57,133	5.20%
2015	37,862	2,248,813,490	59,395	4.30%
2016	38,502	2,338,418,970	60,735	4.00%
2017	38,691	2,424,339,369	62,659	3.80%
2018	38,721	2,459,596,641	63,521	3.20%
2019	38,724	2,552,957,148	65,927	2.70%
2020	38,509	2,714,768,973	70,497	7.20%
2021	40,935	2,885,794,695	70,497	* 4.80%
2022	40,935 **	2,885,794,695 ***	70,497	* N/A

\* - Latest Essex County per capita personal income available (2020) was used for calculation purposes.

\*\* - Latest population data available (2021) was used for calculation purposes.

\*\*\*- Latest available population data (2021) and latest available Essex County per capita personal income (2020) 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

2022		2013	
Employer	Employees	Employer	Employees
		Percentage of Total Employment	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	433.1	454.0	467.9	470.9	480.4	458.6	449.6	450.9	449.7	440.0
Special Education	147.9	163.0	143.6	141.8	134.6	132.7	134.6	146.0	146.5	183.0
Support Services:										
Student & Instruction Related Services	95.8	272.0	301.4	336.7	343.5	328.6	330.2	349.6	366.5	362.1
School Administrative Services	46.8	49.0	49.5	48.5	49.0	45.5	45.5	48.5	45.5	45.5
General and Business Administrative Services	5.7	4.0	3.0	3.0	4.3	4.3	4.3	4.3	4.3	4.3
Plant Operations and Maintenance	63.0	61.0	61.0	62.0	63.0	65.0	65.0	67.0	66.0	66.0
Pupil Transportation	2.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0
Business and Other Support Services	2.0	14.0	20.7	20.7	20.0	22.7	22.7	19.0	19.0	19.3
<b>Total</b>	<b>796.3</b>	<b>1,020.0</b>	<b>1,050.1</b>	<b>1,087.0</b>	<b>1,098.8</b>	<b>1,061.4</b>	<b>1,055.9</b>	<b>1,089.3</b>	<b>1,101.5</b>	<b>1,124.2</b>

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2013	6,667	\$ 120,558,363	\$ 18,083	4.96 %	571	12.7:1	9.1:1	11.5:1	6,667	6,464	0.44 %	96.96 %
2014	6,736	122,804,156	18,231	0.82 %	568	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	572	10.1:1	8.2:1	9.7:1	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	581	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	584	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %
2018	6,635	137,882,111	20,781	0.69 %	568	12.1:1	9.7:1	12.9:1	6,664	6,323	-0.13 %	94.88 %
2019	6,659	149,479,456	22,448	8.02 %	576	12.1:1	9.7:1	12.9:1	6,664	6,323	0.00 %	94.88 %
2020	6,589	151,375,626	22,974	2.34 %	573	11.5:1	10.0:1	12.9:1	6,617	6,374	-0.71 %	96.34 %
2021	6,396	156,520,796	24,472	6.52 %	569	11.1:1	9.7:1	12.9:1	6,254	6,056	-5.48 %	96.83 %
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 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Montclair High School</b>										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,966	1,981	1,946	2,018	2,029	2,047	2,071	2,035	2,025	1,991
<b>Glenfield Middle School</b>										
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	711	678	680	649	640	641	674	668	654	621
<b>Buzz Aldrin Middle School</b>										
Square Feet	125,799	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	545	546	646	642	659	658	658	665	661	624
<b>Renaissance Middle School</b>										
Square Feet	38,722	37,167	37,167	37,167	37,167	37,167	37,167	37,167	37,167	37,161
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	262	269	276	284	289	280	256	247	242	226
<b>Bradford Elementary School</b>										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	354
Enrollment	450	427	441	431	426	430	436	413	389	361
<b>Bullock Elementary School</b>										
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	442	384	481	463	439	448	448	466	434	424



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

<u>District Building</u>	2012	2014	2015	2016	2017	2018	2019	2020	2021	2022
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	305	296	396	284	288	283	291	276	237	236
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	650	626	531	560	587	591	521	535	535	439
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	479	469	467	489	458	423	394	461	428	411
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	456	448	442	441	436	415	416	408	391	335
Watchung Elementary School										
Square Feet	34,638	34,638	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	457	452	448	441	439	432	426	415	400	380
N/A - Not Applicable										

Number of Schools at June 30, 2022

  Elementary = 7

  Middle School = 3

  High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

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

## Undistributed Expenditures:

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

School Facilities *	2013	2014	2015	2016	2017
Bradford Elementary School	\$ 39,659	\$ 37,641	\$ 35,946	\$ 23,657	\$ 70,566
Bullock Elementary School	50,835	68,502	41,652	31,932	39,862
Edgemont Elementary School	28,724	32,790	27,907	38,554	27,947
Glenfield Middle School	95,360	103,155	122,785	90,628	116,527
Hillside Elementary School	88,680	84,818	58,285	51,443	68,343
Montclair High School	305,909	266,067	279,625	277,444	321,473
Buzz Aldrin Middle School	111,671	34,966	12,693	135,193	47,739
Nishuane Elementary School	55,792	42,586	61,091	25,059	51,998
Northeast Elementary School	58,313	56,390	51,954	71,012	1,275
Renaissance Middle School	39,390	36,368	61,288	40,343	55,057
Watchung Elementary School	34,732	40,991	29,641	54,262	121,022
	<u>\$ 909,065</u>	<u>\$ 804,274</u>	<u>\$ 782,867</u>	<u>\$ 839,527</u>	<u>\$ 921,809</u>
School Facilities *	2018	2019	2020	2021	2022
Bradford Elementary School	\$ 88,175	\$ 59,008	\$ 40,699	\$ 129,505	\$ 50,522
Bullock Elementary School	31,715	49,764	42,865	238,408	34,749
Edgemont Elementary School	125,787	49,284	29,793	140,175	27,893
Glenfield Middle School	78,449	171,152	56,851	225,571	182,158
Hillside Elementary School	172,021	73,593	345,487	280,836	151,792
Montclair High School	476,500	435,569	464,318	444,565	366,864
Buzz Aldrin Middle School	66,341	69,830	256,859	232,806	90,304
Nishuane Elementary School	72,105	41,829	82,960	200,979	75,311
Northeast Elementary School	80,527	175,386	49,996	197,269	58,987
Renaissance Middle School	45,224	67,715	39,853	114,837	89,485
Watchung Elementary School	100,427	59,620	42,675	159,641	57,192
	<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>

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

Source: Montclair Township School District records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company of Pittsburg, PA.		
Property - Blanket Building & Contents	\$ 294,137,504	\$ 25,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	
Excess Liability Coverage	10,000,000	
Boiler and Machinery - Property Damage	Included	
Board of Education Legal Liability Coverage A (E&O and EPLI)	1,000,000	25,000
Aggregate	3,000,000	
Board of Education Legal Liability Coverage B	100,000	25,000
Aggregate	300,000	
Cyber Liability Each Event Limit	1,000,000	25,000
Privacy Crisis Management	100,000	
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
Umbrella Liability Excess (Included in GL & AL limits)		
NUEP (Excess Coverage)	30,000,000	
Starstone/Markel		
Additional Excess Liability		
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
Star Insurance Company		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Cash Flow Protection Endorsement	250,000	
Public Employees' Faithful Performance Bonds -		
Travelers Insurance Company:		
Andrea Del Guercio - Treasurer	456,000	
Emidio D'Andrea - Business Administrator	550,000	
Student & Athletic Insurance - Liberty Insurance:	500,000	
Limit including all sports activities - Standard Plan, Medical	25,000	
Benefit Period - 3 years		
Limit including all sports activities - Excess Coverage Plan, Medical	5,000,000	25,000
Benefit Period - 10 years		
Catastrophic Cash	1,000,000	

Source: Montclair Township School District records.

**SINGLE AUDIT SECTION**



Mount Arlington, NJ  
 Newton, NJ  
 Bridgewater, NJ  
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 Independent Member  
 BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

February 15, 2023  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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



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

Independent Auditors' Report

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

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

***Qualified and Unmodified Opinions***

We have audited the Montclair Township School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

*Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Extraordinary Special Education Costs Aid major state program for the fiscal year ended June 30, 2022.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2022.

***Basis for Qualified and Unmodified Opinions***

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

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified 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.

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

As described in Finding 2022-001 the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding eligibility and types of services allowed or unallowed for its Extraordinary Special Education Costs Aid.

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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



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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-001, to be a significant deficiency.

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

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

February 15, 2023  
Mount Arlington, New Jersey

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

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		Amount Provided to Subrecipients
			From	To		Unearned/ Revenue/ (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education - Passed-through													
State Department of Education:													
Special Revenue Fund:													
Special Education Cluster:													
I.D.E.A. - Part B, Basic Regular	84.027A	IDEA-3310-22	7/1/21	9/30/22	\$ 2,140,889		\$ 1,521,579	\$ (1,646,228)				\$ (124,649)	
I.D.E.A. - Part B, Basic Regular	84.027A	IDEA-3310-21	7/1/20	9/30/21	1,965,934		550,158	(200)					
I.D.E.A. - Part B, Preschool	84.173	IDEA-3310-22	7/1/21	9/30/22	77,024		58,272	(58,272)					
I.D.E.A. - Part B, Preschool	84.173	IDEA-3310-21	7/1/20	9/30/21	93,900		13,104	(3,013)					
ARP - I.D.E.A. Part B, Basic	84.027X	IDEA-3310-22	7/1/21	9/30/22	375,294			(4,799)				(4,799)	
Subtotal Special Education Cluster													
Elementary and Secondary Education Act:													
Title I, Part A	84.010	ESEA-3310-21	7/1/21	9/30/22	1,224,527		214,778	(459,006)				(244,228)	
Title I, Part A	84.010	ESEA-3310-21	7/1/20	9/30/21	843,238		191,092	(8,442)					
Subtotal Title I - Part A													
Title I SIA, Part A	84.010	ESEA-3310-22	7/1/21	9/30/22	103,632		40,440	(47,641)				(7,201)	
Title I SIA, Part A	84.010	ESEA-3310-21	7/1/20	9/30/21	130,343		87,851	(49,585)					
Subtotal Title I SIA, Part A													
Title II A	84.367A	ESEA-3310-22	7/1/21	9/30/22	365,308		62,495	(76,655)				(14,160)	
Title II A	84.367A	ESEA-3310-21	7/1/20	9/30/21	282,853		24,063	(15,816)					
Subtotal Title II A													
Title III	84.365A	ESEA-3310-22	7/1/21	9/30/22	23,004		102	(8,063)				(7,961)	
Title III - Immigrant	84.365A	ESEA-3310-22	7/1/21	9/30/22	895		686	(686)					
Title IV	84.358	ESEA-3310-22	7/1/21	9/30/22	110,491		50,250	(57,430)				(7,180)	
Title IV	84.358	ESEA-3310-21	7/1/20	9/30/21	93,148		31,320	(13,000)					
Subtotal Title IV													
Total Elementary and Secondary Education Act													
Education Stabilization Fund:													
COVID-19 CARES Emergency Relief Grant	84.425D	CARES041022	3/13/20	9/30/22	593,354		6,476	(2,246)				(809)	
COVID-19 - CRRSA:													
ESSER II	84.425D	S425D210027	3/13/20	9/30/23	2,258,081		1,462,002	(1,627,915)				(165,913)	
Learning Acceleration	84.425D	S425D210027	3/13/20	9/30/23	144,912		87,595	(87,595)					
COVID-19 - ARP:													
ESSER III	84.425U	S425D210027	3/13/20	9/30/24	5,074,892		1,778,931	(4,542,599)				(2,763,668)	
Mental Health	84.425U	S425D210027	3/13/20	9/30/24	45,000		45,000	(45,000)					
Total Education Stabilization Fund													
Total U.S. Department of Education													
						(5,039)	6,226,194	(6,305,355)				(2,930,390)	
						(812,571)		(8,754,191)				(3,340,568)	

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

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		Amount Provided to Subrecipients
			From	To							(Accounts Receivable)	Unearned Revenue	
U.S. Department of Treasury - Passed-through State Department of Education: Special Revenue Fund: COVID-19 Coronavirus Relief Fund Additional or Compensatory Special COVID-19 Education and Related Services for Students with Disabilities (ACSERS)	21.019	N/A	3/1/20	12/31/20	\$ 355,984	\$ 3,381			\$ (3,381)		\$ (698,809)		
	21.027	N/A	7/1/21	9/30/22	698,809						\$ (698,809)		
Total U.S. Department of Treasury Total Special Revenue Fund						\$ (812,571)	\$ 6,226,194		\$ (9,453,000)	\$ (3,381)	\$ (4,039,377)		
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: Medicaid Cluster: Medical Assistance Program (SEMI)	93.778	N/A	7/1/21	6/30/22	58,947		58,947	(58,947)					
Total U.S. Department of Health and Human Services					58,947		58,947	(58,947)					
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Pandemic Electronic Benefit Transfer	10.649	N/A	7/1/21	6/30/22	3,063		3,063	(3,063)					
Child Nutrition Cluster: School Breakfast Program: COVID-19 Seamless Summer Option	10.553	N/A	7/1/21	6/30/22	68,979		54,428	(68,979)			(14,551)		
COVID-19 Seamless Summer Option	10.553	N/A	7/1/20	6/30/21	204,499	(24,659)	24,659						
Subtotal School Breakfast Program						(24,659)	79,087	(68,979)			(14,551)		
National School Lunch Program: COVID-19 Seamless Summer Option	10.555	N/A	7/1/21	6/30/22	1,644,966		1,282,224	(1,644,966)			(362,742)		
COVID-19 Seamless Summer Option	10.555	N/A	7/1/20	6/30/21	346,089	(43,372)	43,372						
Subtotal National School Lunch Program						(43,372)	1,325,596	(1,644,966)			(362,742)		
Federal Food Distribution Program	10.555	N/A	7/1/21	6/30/22	37,266		37,266	(25,896)			\$ 11,370		
Federal Food Distribution Program	10.555	N/A	7/1/20	6/30/21	46,461	5,123		(5,123)					
Subtotal Federal Food Distribution Program						5,123	37,266	(31,019)			11,370		
COVID 19 - Emergency Operational Cost Program	10.555	N/A	7/1/21	6/30/22	47,196		47,196	(47,196)					
Total Child Nutrition Cluster						(62,908)	1,489,145	(1,792,160)			(377,293)		
Total U.S. Department of Agriculture						(62,908)	1,492,208	(1,795,223)			(377,293)		
TOTAL FEDERAL AWARDS						\$ (875,479)	\$ 7,777,349	\$ (11,307,170)	\$ (3,381)	\$ (4,416,670)	\$ 11,370	\$ -0-	

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

N/A - Not Available/Applicable

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

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			MEMO		
				Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Unearned Revenue/(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Special Education Categorical Aid	22-495-034-5120-089	7/1/21 6/30/22	\$ 5,780,579	\$ (537,481)	\$ 5,224,442	\$ (5,780,579)	\$ (556,137)	\$ 5,780,579		\$ (556,137)	\$ 5,780,579	
Special Education Categorical Aid Security Aid	21-495-034-5120-089	7/1/20 6/30/21	5,444,123		537,481						5,444,123	
Security Aid	22-495-034-5120-084	7/1/21 6/30/22	755,225		682,567	(755,225)				(72,658)	755,225	
Security Aid	21-495-034-5120-084	7/1/20 6/30/21	755,225		74,561						755,225	
Adjustment Aid	22-495-034-5120-085	7/1/21 6/30/22	322,539		291,508	(322,539)				(31,031)	322,539	
Adjustment Aid	21-495-034-5120-085	7/1/20 6/30/21	322,539		31,843						322,539	
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21 6/30/22	3,630,513		1,991,060	(3,630,513)				(3,630,513)	3,630,513	
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20 6/30/21	1,991,060		1,062,308	(1,175,389)				(113,081)	1,175,389	
Transportation Aid	22-495-034-5120-014	7/1/21 6/30/22	1,175,389		116,042	(71,050)				(71,050)	1,175,389	
Transportation Aid	21-495-034-5120-014	7/1/20 6/30/21	1,175,389								1,175,389	
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21 6/30/22	71,050		92,510						71,050	
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20 6/30/21	92,510								92,510	
Securing Our Children's Future Bond Act	20E00170	4/1/20 6/30/24	377,768							(55,880)	377,768	
<b>On-Behalf TPAF Contributions:</b>												
Post-Retirement Medical	22-495-034-5094-001	7/1/21 6/30/22	5,286,098		5,286,098	(5,286,098)					5,286,098	
Pension	22-495-034-5094-002	7/1/21 6/30/22	22,310,165		22,310,165	(22,310,165)					22,310,165	
Non-Contributory Insurance	22-495-034-5094-004	7/1/21 6/30/22	314,765		314,765	(314,765)					314,765	
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21 6/30/22	6,747		6,747	(6,747)					6,747	
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	7/1/21 6/30/22	4,377,308		4,160,238	(4,377,308)				(217,070)	4,377,308	
Reimbursed TPAF Social Security Aid	21-495-034-5094-003	7/1/20 6/30/21	4,402,418		219,961						4,402,418	
<b>Total General Fund State Aid</b>				<b>(3,119,338)</b>	<b>42,402,296</b>	<b>(44,030,378)</b>		<b>(3,974,513)</b>		<b>(4,747,420)</b>	<b>58,795,250</b>	
<b>Special Revenue Fund:</b>												
<b>NJ Nonpublic Aid:</b>												
Textbook Aid (Chapter 194)	22-100-034-5120-064	7/1/21 6/30/22	109,837		109,837	(75,096)				14,103	75,096	
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20 6/30/21	111,000		\$ 15,309					\$ 34,741		
Nursing Services (Chapter 226)	22-100-034-5120-070	7/1/21 6/30/22	205,072		205,072	(205,072)					205,072	
<b>Auxiliary Services (Chapter 192):</b>												
Compensatory Education	22-100-034-5120-067	7/1/21 6/30/22	135,266		135,266	(63,512)					63,512	
Compensatory Education	21-100-034-5120-067	7/1/20 6/30/21	122,798		52,255					(52,255)		
English as a Second Language	21-100-034-5120-067	7/1/20 6/30/21	1,599		1,599					(1,599)		
Home Instruction	22-100-034-5120-067	7/1/21 6/30/22	8,000			(8,000)				(5,019)	8,000	
Home Instruction	21-100-034-5120-067	7/1/20 6/30/21	2,772		2,772							
<b>Handicapped Services (Chapter 193):</b>												
Supplementary Instruction	22-100-034-5120-066	7/1/21 6/30/22	73,514		73,514	(41,217)					41,217	
Supplementary Instruction	21-100-034-5120-066	7/1/20 6/30/21	80,948		34,407					(34,407)		
Examination and Classification	22-100-034-5120-066	7/1/21 6/30/22	113,553		113,553	(99,493)					99,493	
Examination and Classification	21-100-034-5120-066	7/1/20 6/30/21	108,121		38,450					(38,450)		
Corrective Speech	22-100-034-5120-066	7/1/21 6/30/22	23,250		23,250	(10,881)					10,881	
Corrective Speech	21-100-034-5120-066	7/1/20 6/30/21	19,686		9,296					(9,296)		
Security Aid	22-100-034-5120-509	7/1/21 6/30/22	320,425		320,425	(262,227)					262,227	
Security Aid	21-100-034-5120-509	7/1/20 6/30/21	317,975		35,545					(35,545)		
Technology Initiative	22-100-034-5120-373	7/1/21 6/30/22	76,860		76,860	(76,152)					76,152	
<b>Total Special Revenue Fund</b>				<b>(2,772)</b>	<b>1,060,549</b>	<b>(841,650)</b>		<b>(186,861)</b>		<b>(8,000)</b>	<b>841,650</b>	

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

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Balance at June 30, 2022		MEMO
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	GAAP Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
State Department of Education:									
Enterprise Fund:									
State School Lunch Program:									
COVID-19 Seamless Summer Option	22-100-010-3350-023	7/1/21	6/30/22	\$ 38,615	\$	\$	\$ (8,348)	\$	\$ (8,348)
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/20	6/30/21	15,108	\$ (3,089)				
Supplemental	21-100-010-3350-023	7/1/20	6/30/21	1,151	(1,151)				
Total Enterprise Fund				34,507	(4,240)		(8,348)		(8,348)
Schools Development Authority:									
Special Revenue Fund:									
Emergent and Capital Maintenance Needs	N/A	11/19/21	6/30/22	161,741					
Capital Projects Fund:									
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/20	990,572	(990,572)				
	Various	Various	Various	7,839,987	(1,431,205)		(1,308,602)		(990,572)
Total Schools Development Authority				284,344	(2,421,777)		(1,308,602)		(2,299,174)
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION									
				\$ 43,781,696	\$ (5,548,127)	\$ 186,861	\$ (5,282,379)	\$ 224,127	\$ (7,062,942)
Less - State Awards Not Subject to Single Audit Major Program Determination:									
On-Behalf TPAF Pension System Contributions:									
Post-Retirement Medical	22-495-034-5094-001	7/1/21	6/30/22	5,286,098					
Pension	22-495-034-5094-002	7/1/21	6/30/22	22,310,165					
Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	314,765					
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	6,747					
Subtotal On-Behalf TPAF Pension System Contributions				27,917,775					
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION									
				\$ (17,154,609)					

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,980) for the General Fund and (\$327,329) for the Special Revenue Fund. See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 58,947	\$ 44,017,398	\$ 44,076,345
Special Revenue Fund	9,076,501	1,062,561	10,139,062
Food Service Fund	1,795,223	38,615	1,833,838
Total Financial Assistance	\$ 10,930,671	\$ 45,118,574	\$ 56,049,245

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the year ended June 30, 2022. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$2,299,174 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2022 after having received reimbursement of \$122,603 in 2021-2022. As of June 30, 2022 none of these funds have been expended, submitted for reimbursement or been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There was a significant deficiency in internal control over a major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey's OMB Circular 15-08* as Finding 2022-001. No material weaknesses were reported.
- The auditor's report on compliance for each major federal and state program for the District expresses a qualified opinion on the District's compliance for the Extraordinary Special Education Costs Aid state program and an unmodified opinion on each of the other major federal and state programs.
- Audit finding 2022-001 which is required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance is reported on this schedule.
- The District's programs tested as major programs for the current fiscal year consisted of the following federal and state awards:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Education Stabiliation Fund:				
COVID-19 CARES Emergency				
Relief Grant	84.425D	3/13/20-9/30/22	\$ 593,354	\$ 2,246
COVID-19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	2,258,081	1,627,915
Learning Acceleration	84.425D	3/13/20-9/30/23	144,912	87,595
COVID-19 - ARP:				
ESSER III	84.425U	3/13/20-9/30/24	5,074,892	4,542,599
Mental Health	84.425U	3/13/20-9/30/24	45,000	45,000



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

Summary of Auditors' Results: (Cont'd)

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Child Nutrition Cluster:				
COVID-19 - Emergency Operational Cost Program	10.555	7/1/21-6/30/22	\$ 47,196	\$ 47,196
COVID-19 Seamless Summer Option National School Lunch Program	10.555	7/1/21-6/30/22	1,644,965	1,644,965
National School Breakfast Program	10.553	7/1/21-6/30/22	68,979	68,979
Federal Food Distribution Program	10.555	7/1/21-6/30/22	25,896	25,896
Federal Food Distribution Program	10.555	7/1/20-6/30/21	5,123	5,123
State:				
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	3,630,513	3,630,513
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	7/1/21-6/30/22	4,377,308	4,377,308

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

Finding 2022-001: N.J. Department of Education – Extraordinary Special Education Costs Aid – Eligibility, Types of Services Allowed or Unallowed and Significant Deficiency.

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

(Continued)

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

<u>Program Title</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>	<u>Questioned Costs</u>
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	\$ 3,630,513	\$ 3,630,513	\$ 376,892

Criteria:

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

Condition and Context:

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

Effect:

The intensive services costs claimed for reimbursement in error reported in the Extraordinary Aid application of \$376,892 for six students were not included in the students' IEP's.

Cause:

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

Recommendation:

It is recommended that greater care is taken in reporting intensive and other service(s) provided to students and the cost of classroom and other costs reported on the Extraordinary Aid application.

Management's Response:

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

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

Status of Prior Year Findings:

There were no prior year audit findings.