

Comprehensive Annual Financial Report

of the

**Township of Montgomery School District
County of Somerset
Skillman, New Jersey
For the Fiscal Year Ended June 30, 2020**

Prepared by

**Township of Montgomery School District
Business Office**

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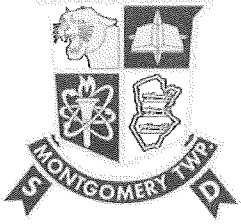
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INTRODUCTORY SECTION



MONTGOMERY TOWNSHIP SCHOOLS

1014 ROUTE 601 • SKILLMAN, NJ • 08558-2112 • PHONE (609) 466-7617 • FAX (609) 466-0944

ALICIA M. SCHAUER
SCHOOL BUSINESS ADMINISTRATOR/
BOARD SECRETARY

December 16, 2020

Ms. Phyllis Bursh, President and
Members of the Board of Education
Township of Montgomery School District
Somerset County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Township of Montgomery School District for the fiscal year ended June 30, 2020 is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with U.S. generally accepted accounting principles for governmental entities as established by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Township of Montgomery School District. 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 financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, P.L. 104 - 156 and the Uniform Guidance and the New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Township of Montgomery School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No.3. All funds of the District are included in this report. The Township of Montgomery 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. These include regular as well as special education for handicapped youngsters. Those students who have a desire for vocational training attend the Somerset County Vocational School. The District enrollment for the 2019-20 fiscal year as reported on the ASSA report in October 2019 was 4,671.5 students, which is 8.5 students below the previous year's enrollment. The following chart details the changes in the student enrollment of the District since the 2010 - 2011 school year.

Enrollment Comparison as of October 2019

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010/11	5,187	-0.0%
2011/12	5,047	-2.7%
2012/13	4,893	-3.1%
2013/14	4,783	-2.0%
2014/15	4,737	-1.0%
2015/16	4,763	0.5%
2016/17	4,767	0.0%
2017/18	4,720	-1.0%
2018/19	4,680	-0.9%
2019/20	4,671.5	-0.18%

Township of Montgomery Schools' programs are designed to meet the academic and curricular needs of all students K-12. Academic programs address specific content areas, gifted and talented enrichment, college preparatory, advanced placement, career readiness, basic skills and special education. Middle and high school programs include a wide selection of elective courses in science, communications, social studies, world languages, music, art, computer sciences, media, home economics, and industrial technologies. To accommodate these offerings, the district maintains modern, well-equipped buildings that are developmentally appropriate. The district configuration by school is K-2, 3-4, 5-6, 7-8 and 9-12.

The district places great value on professional growth opportunities for its administrative and teaching staffs. During the 2019-20 school year the district spent nearly \$58,066 on professional learning in all areas of the curriculum. The district also reimbursed teaching staff \$129,693 to assist with the cost of college tuition for graduate course work in order to keep teachers current in the latest best practice in education.

2. ECONOMIC CONDITION AND OUTLOOK: The Montgomery Township School District provides educational services to resident students in Montgomery Township and the Borough of Rocky Hill and includes a very diverse tax base. The District is approximately 52 miles southwest of New York City and 51 miles northeast of Philadelphia. US Route 206 and County Route 518 link the township to large regional employment centers via interstate highways 95 and 295. For the third consecutive year, and after many years of student growth, the district had seen a trend of declining enrollment. New developments constructed in Montgomery Township have generated some additional students, but the net impact expected over the next few years is that overall enrollment will remain stable.

3. MAJOR INITIATIVES:

Technology:

In the COVID--19 era, it has become extremely important that the district's infrastructure supports the high level of internet use by our faculty and students. Not only can we not predict when this current emergency will end, but we must be ready to pivot to remote and hybrid models of instruction in the future. In order to be prepared for this possibility, a significant portion of the technology budget will be used to provide adequate wi-fi to each building, refresh students and faculty devices, sustain the subscriptions to digital tools and resources for instructional use, and to maintain our current infrastructure.

Curriculum and Instruction:

In the 2021-22 school year, the math program for K-4 will need to be replaced. The current program was purchased over 7 years ago and no longer meets our instructional or technology needs.

Additional, the NJDOE adopted new standards: Career Readiness, Life Literacies, and Key Skills; Comprehensive Health and Physical Education; Computer Science & Design Thinking; Science; Social Studies; Visual and Performing Arts; and World Languages. Aligned with the implementation schedule, as established by the State of NJ, we will be revising our curriculum to reflect the new standards.

The MTSD BOE and Administration is committed to developing a true culturally responsive curriculum in which diverse accomplishments, perspectives, and significant historical events are thoroughly covered. This endeavor will require both a commitment to curricular revisions, staff development, and students resources and experiences.

Additionally, a commitment to revising our G&T offerings for the district will require us to consider a new process for identifying students and providing increased programming. This will require a financial commitment to assessment materials, staffing, curriculum writing, and student material.

During the COVID-19 pandemic crisis, additional staff development for the continued support of remote and hybrid learning environments will continue to be funded.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) there are limited resources and that 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 financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Amendments to the line items within these funds are approved by the Superintendent and subsequently ratified by the Board of Education, in accordance with state statute and Board Policy.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020. There were no General Fund encumbrances as of June 30, 2020.

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

7. DEBT ADMINISTRATION: Starting with the 2001-2002 Budget the community felt the impact of the debt associated with the high school project. In 2009 and 2016, the school district introduced bond referendums for various improvements to the district schools which added to the school district debt. The school district could no longer afford to pay for these major maintenance issues through the annual budget process and decided to capitalize these major infrastructure improvements through the sale of bonds which would be paid for over the life of the enhancement of the asset. The district was also able to take advantage of state funds to reduce the impact on total debt. The school district is well within its borrowing capacity with this increased debt since the available borrowing margin is \$129,727,523.

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan allows 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 and updated in 2009 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.

9. RISK MANAGEMENT: The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property damage and contents and fidelity bonds.

10. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee Clooney & Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Uniform Guidance and state Treasury Circular 15-08 OMB. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

Mary E. McLoughlin

Mary E. McLoughlin
Superintendent of Schools

Alicia M. Schauer

Alicia M. Schauer
School Business Administrator/Board Secretary

**MONTGOMERY TOWNSHIP BOARD OF EDUCATION
SKILLMAN, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Joanne Tonkin, President	2021
Ms. Phyllis Bursh, Vice President	2022
Ms. Christina Harris	2020
Mrs. Amy Miller	2020
Mr. Michael J. Morack, Jr.	2021
Mr. Jinish Patel	2022
Ms. Ranjana Rao	2020
Dr. Biren Siraiya	2020
Mr. Shreesh Tiwari	2022

Other Officials

Mary E. McLoughlin, Superintendent

Thomas Venanzi, Interim School Business Administrator/Board Secretary

Robert Skibinski, Reconciler of School Monies

Stephen Fogarty, Esq., Solicitor

**MONTGOMERY TOWNSHIP BOARD OF EDUCATION
SKILLMAN, NEW JERSEY**

CONSULTANTS AND ADVISORS

Architect

Parete Somjen Architects
439 Route 46
Rockaway, NJ 07866

Audit Firm

Suplee, Clooney & Company
308 East Broad Street
Westfield, NJ 07090-2122

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, New Jersey 07410

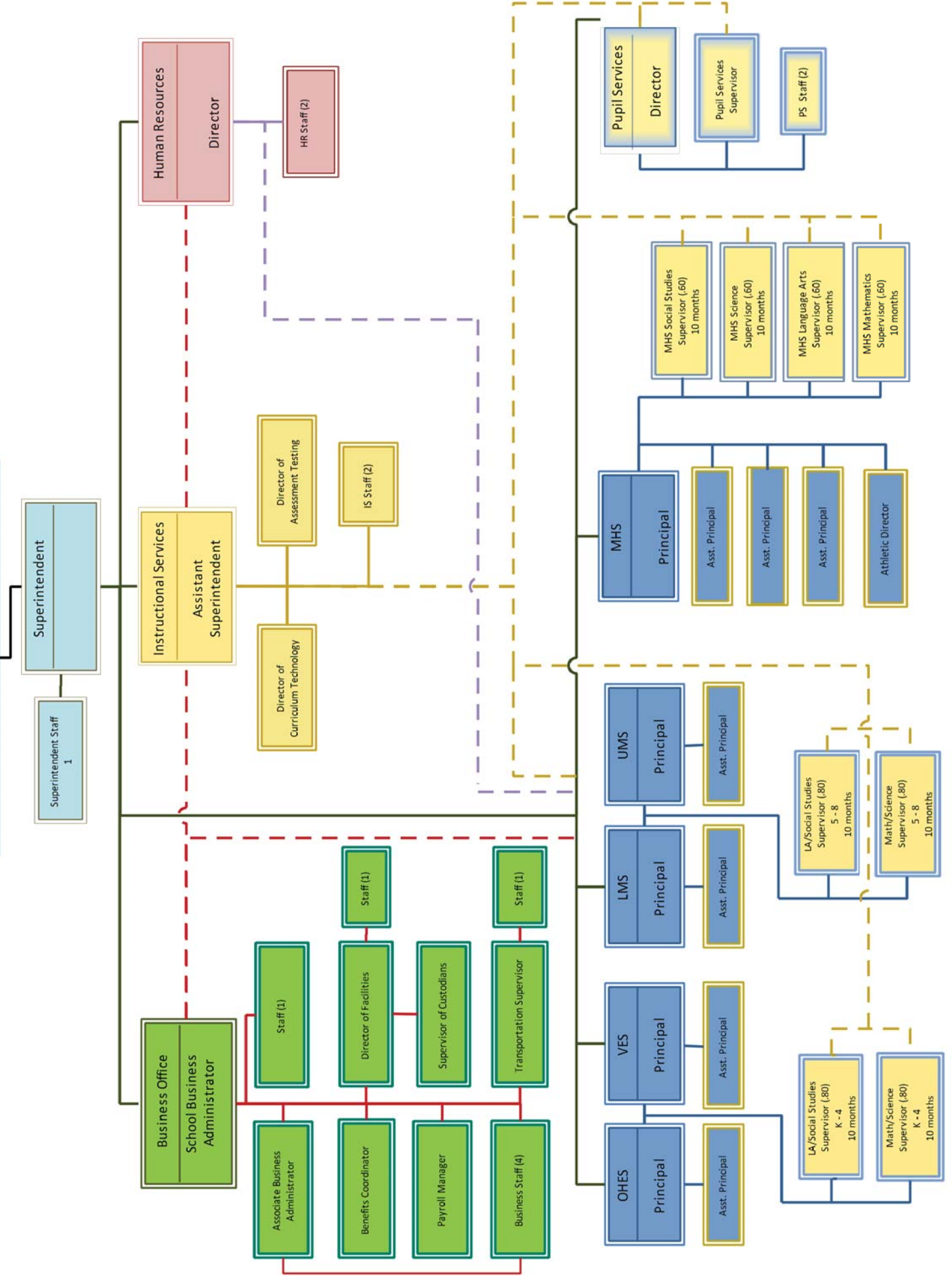
Bond Counsel

McManimon & Scotland
One Gateway Center
Newark, N.J. 07102-5311

Official Depositories

TD Bank
Santander Bank

Montgomery Township Board of Education



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Montgomery School District, County of Somerset, New Jersey as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, and the standards issued by the State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Montgomery School District, County of Somerset, New Jersey as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to the accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Montgomery School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, data and schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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, data and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2020 on our consideration of the Township of Montgomery School 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Montgomery School District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 16, 2020

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
UNAUDITED**

The Management's Discussion and Analysis of the Township of Montgomery School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2019-20 are as follows:

- At the district-wide financial statements, revenue from governmental activities accounted for \$114,740,009 or 98 percent of total school district revenue. The other 2 percent of revenue was generated by the business type activities.
- The district financial performance for the year was strong by generating over half a million dollars in unanticipated revenue and accumulating over \$6 million in unexpended balances from budget appropriations. The financial condition is very stable and manageable for the next few years as forecasted in the district's long-range financial plan.
- The Board of Education decreased its outstanding debt by \$7,491,605.77, most was due to a decrease in bonds payable and the net pension liability as reported by the State Actuarial reports. There was also a decrease of about 12% for capital lease liabilities on the financial statements.

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") 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, District-wide Financial Statements and Fund Financial Statements.

- District-Wide Financial Statements provide both short-term and long-term information about the District's overall financial status.

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
UNAUDITED**

- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- 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, which include food services, community education and summer enrichment programs.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

District-Wide Financial Statements

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

The District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-Wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
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- Business-Type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. 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 (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the district-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial 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 flow.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
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Financial Analysis of the District as a Whole

The District's combined net position has increased from the 2018-2019 fiscal year. The net position from governmental activities increased \$3,832,180.30. Net position from business-type activities decreased \$138,270.52. The decrease in restricted net position is mainly offset by the increase in capital assets. This is due to progress being made on the referendum projects from 2015-2016. Table 1 below reflects the District's net position as a whole.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	Change
Current and							
Other Assets	\$20,255,255.45	\$18,863,727.43	\$428,244.87	\$550,213.26	\$20,683,500.32	\$19,413,940.69	6.54%
Capital Assets	101,645,294.79	102,523,911.35	295,477.70	354,990.86	101,940,772.49	102,878,902.21	(0.91%)
Total Assets	<u>121,900,550.24</u>	<u>121,387,638.78</u>	<u>723,722.57</u>	<u>1,220,690.63</u>	<u>122,624,272.81</u>	<u>122,292,842.90</u>	<u>0.27%</u>
Deferred Outflows							
Related to Loss From							
Refunding Debt	1,409,192.54	1,597,622.02			1,409,192.54	1,597,622.02	(11.79%)
Related to Pensions	5,231,395.00	6,747,899.00			5,231,395.00	6,747,899.00	(22.47%)
Total Deferred Outflows	<u>6,640,587.54</u>	<u>8,345,521.02</u>			<u>6,640,587.54</u>	<u>8,345,521.02</u>	<u>(20.43%)</u>
Long-Term							
Liabilities	80,688,712.66	88,497,336.25			80,688,712.66	88,497,336.25	(8.82%)
Short-Term							
Liabilities	10,707,915.45	10,041,471.18	316,842.77	356,781.24	11,024,758.22	10,398,252.42	6.03%
Total Liabilities	<u>91,396,628.11</u>	<u>98,538,807.43</u>	<u>316,842.77</u>	<u>421,987.96</u>	<u>91,713,470.88</u>	<u>98,895,588.67</u>	<u>(7.26%)</u>
Deferred Inflows							
Related to Pensions	<u>8,480,975.00</u>	<u>8,309,298.00</u>			<u>8,480,975.00</u>	<u>8,309,298.00</u>	
Net Position:							
Net investment							
in Capital							
Assets	39,167,736.59	34,111,289.44	295,477.70	354,990.86	39,463,214.29	34,466,280.30	14.50%
Restricted	13,981,137.45	14,512,497.22			13,981,137.45	14,512,497.22	(3.66%)
Unrestricted (Deficit)	<u>(26,431,639.37)</u>	<u>(25,738,732.29)</u>	<u>141,946.00</u>	<u>220,703.36</u>	<u>(26,289,693.37)</u>	<u>(25,518,028.93)</u>	<u>3.02%</u>
Total Net							
Position	<u>\$26,717,234.67</u>	<u>\$22,885,054.37</u>	<u>\$437,423.70</u>	<u>\$575,694.22</u>	<u>\$27,154,658.37</u>	<u>\$23,460,748.59</u>	<u>15.75%</u>

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Table 2
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenue:						
Program Revenue:						
Charges for Services			\$1,395,086.86	\$1,918,584.49	\$1,395,086.86	\$1,918,584.49
Operating Grants and Contributions	\$22,684,445.05	\$24,991,719.69	119,648.37	105,116.76	22,804,093.42	25,096,836.45
General Revenue:						
Property Taxes	85,690,035.00	82,870,851.00			85,690,035.00	82,870,851.00
Federal and State Aid not restricted	5,181,911.23	4,755,600.41			5,181,911.23	4,755,600.41
Other	1,183,617.59	1,281,213.83	1,928.05	2,620.91	1,185,545.64	1,283,834.74
Total Revenue	114,740,008.87	113,899,384.93	1,516,663.28	2,026,322.16	116,256,672.15	115,925,707.09
Expenses:						
Instruction	69,318,113.77	69,489,153.35			69,318,113.77	69,489,153.35
Student & Instructional Support Services	15,909,181.01	16,206,160.98			15,909,181.01	16,206,160.98
Administrative and Business	9,666,083.25	9,675,837.20			9,666,083.25	9,675,837.20
Maintenance & Operations	7,994,352.04	8,273,388.91			7,994,352.04	8,273,388.91
Transportation	5,771,983.69	6,302,923.55			5,771,983.69	6,302,923.55
Other	2,248,114.81	2,485,272.40	1,654,933.80	2,079,235.51	3,903,048.61	4,564,507.91
Total Expenses	110,907,828.57	112,432,736.39	1,654,933.80	2,079,235.51	112,562,762.37	114,511,971.90
Disposal of Capital Assets		(512.50)				(512.50)
Transfers		201,360.00		(201,360.00)		
Increase/(Decrease) in Net Position	\$3,832,180.30	\$1,466,136.04	(\$138,270.52)	(\$52,913.35)	\$3,693,909.78	\$1,413,222.69

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Sources of Revenue for the Fiscal Year 2020

The District's total revenue for the 2019-2020 school year was \$116,256,672.15 as reflected in Table 3 below. Property taxes accounted for 73.71 percent of the total revenue with the other 26.29 percent consisting of state and federal aid, charges for services, and miscellaneous sources.

**Table 3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$85,690,035.00	73.71%	\$82,870,851.00	71.49%
Operating State and Federal Aid	26,768,327.53	23.03%	28,626,636.54	24.69%
Federal and State Grants	1,217,677.12	1.05%	1,225,800.32	1.06%
Charges for Services	1,395,086.86	1.20%	1,918,584.49	1.66%
Other	1,185,545.64	1.01%	1,283,834.74	1.10%
	<u>\$116,256,672.15</u>	<u>100.00%</u>	<u>\$115,925,707.09</u>	<u>100.00%</u>

Expenses for the Fiscal Year 2020

The total expenses for the 2019-2020 fiscal year for all programs and services were \$112,562,762.37. Table 4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 80.84 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in all five school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the GASB entity-wide reporting model; expenses therefore include \$4,737,954.82 for depreciation. The decrease in total expenses can be explained by the change in the pension expense based on the State's Actuarial report.

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Table 4
Expenses for Fiscal Year 2020**

<u>Expense Category</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$69,318,113.77	61.58%	\$69,489,153.35	60.68%
Student & Instruction Services	15,909,181.01	14.13%	16,206,160.98	14.15%
Administrative and Business	9,666,083.25	8.59%	9,675,837.20	8.45%
Maintenance & Operations	7,994,352.04	7.10%	8,273,388.91	7.22%
Transportation	5,771,983.69	5.13%	6,302,923.55	5.50%
Other	3,903,048.61	3.46%	4,564,507.91	4.00%
	<u>\$112,562,762.37</u>	<u>100.00%</u>	<u>\$114,511,971.90</u>	<u>100.00%</u>

Governmental Activities

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

**Table 5
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$53,656,012.57	60.82%	\$52,104,293.96	59.59%
Student & Instruction Services	12,377,657.40	14.03%	12,238,952.73	14.00%
Administrative and Business	8,268,418.02	9.37%	8,125,804.15	9.29%
Maintenance & Operations	7,994,352.04	9.06%	8,273,388.91	9.46%
Transportation	4,382,030.69	4.97%	4,912,970.55	5.62%
Other	1,544,912.81	1.75%	1,785,606.40	2.04%
	<u>\$88,223,383.52</u>	<u>100.00%</u>	<u>\$87,441,016.70</u>	<u>100.00%</u>

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective operating condition.

“Other” includes unallocated depreciation.

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Changes in administrative structure and needs required additional funds being transferred into those areas.
- Realigned appropriations in accordance with the prescribed chart of accounts as needed.

Capital Assets

During the fiscal year 2019-2020, the District's depreciation expense and retired assets exceeded capital acquisitions, therefore total capital assets net of depreciation decreased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Table 6
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>	
Land Site	\$6,760,785.00	\$6,760,785.00			\$6,760,785.00	\$6,760,785.00	0.00%
Improvements Building and Building	4,457,407.22	4,957,607.34			4,457,407.22	4,957,607.34	(10.09%)
Improvements Construction in Progress	70,945,581.31	74,198,007.28			70,945,581.31	74,198,007.28	(4.38%)
Machinery and Equipment	15,892,152.87	13,130,537.11			15,892,152.87	13,130,537.11	21.03%
	3,589,368.39	3,476,974.62	\$295,477.70	\$354,990.86	3,884,846.09	3,831,965.48	1.38%
Total Assets	\$101,645,294.79	\$102,523,911.35	\$295,477.70	\$354,990.86	\$101,940,772.49	\$102,878,902.21	(0.91%)

Debt and Long-term Liabilities Administration

At June 30, 2020, the District had \$87,296,707.51 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases, unamortized premiums and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**Table 7
Outstanding Long-term Debt**

	<u>Total School Debt</u>		<u>Total Percentage Change</u>
	<u>FY 2020</u>	<u>FY 2019</u>	
Capital Leases Payable	\$4,479,267.18	\$5,112,817.25	(12.39%)
Compensated Absences Payable	1,007,792.77	939,285.35	7.29%
Bonds Payable	56,177,000.00	61,332,000.00	(8.41%)
Original Issue Premium	3,230,483.56	3,565,426.68	(9.39%)
Net Pension Liability Payable	22,402,164.00	23,838,784.00	(6.03%)
	\$87,296,707.51	\$94,788,313.28	(7.90%)

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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District Highlights

Key district highlights for 2019-20 are as follows:

Monitoring: New Jersey Quality Single Accountability Continuum (QSAC) is the Department of Education's monitoring and evaluation system. Its primary purpose is to measure and improve school district performance in meeting State standards in the areas of Governance, Curriculum, Personnel, Finance, and Facilities. Montgomery Township School District was monitored by the State Department of Education during the 2019-2020 school year which included site visits, extensive interviews, and review of all district, state and federal reporting. At the conclusion of the process, the district was notified that it scored successfully in each of the five weighted areas of the QSAC review process and was designated as "high performing."

Facilities: During the 2019-2020 fiscal year, all major systems and equipment were inspected and serviced, as needed. Comprehensive Maintenance Plan (CMP) activities were completed in accordance with this ongoing multi-year plan of the building's major subsystems. Capital projects were completed in accordance with the Long Range Facilities Plan (LRFP) which plans and budgets the major infrastructure repairs/enhancements to the district owned assets.

Staff Development: Our faculty members are committed to the constant improvement of their instructional skill and the acquisition of new strategies that are supported by a professional development plan. This became especially relevant when our schools were forced to close due to the COVID-19 global pandemic. Teachers benefit from opportunities for graduate study at colleges and universities, professional development seminars, and in-district workshops to support their needs and desire to grow professionally. Each school year, all of our teachers participate in at least twenty (20) hours of professional development via in-district workshops, academic coursework, professional learning communities (PLCs), staff meetings that incorporate professional development and workshop facilitation by turnkey trainers.

The District's Future

The Montgomery Township School District is currently in good financial condition despite the strain that the COVID-19 pandemic has placed upon our FY21 budget. Revenues from building rentals are down sharply as our buildings remain closed to outside groups. In addition, our food service operations have temporarily ceased. The District was obligated to purchase required PPE for the limited opening of our schools which has resulted in a large amount of unbudgeted expenditures. The School District is proud of its community support of the public schools and continues to be committed to focus future energies on reducing costs and providing additional revenue sources that will help reduce reliance on the local property taxes, while still maintaining high quality programming.

In conclusion, the Montgomery Township School District has committed itself to financial excellence and fiscal constraint for many years. In addition, the School district's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report can be directed to Ms. Alicia Schauer, School Business Administrator/Board Secretary at the Montgomery Township School District, 1014 Route 601, Skillman, NJ 08558.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$13,149,759.61	\$324,510.33	\$13,474,269.94
Receivables, net	2,057,762.69	32,914.30	2,090,676.99
Inventory		70,820.24	70,820.24
Prepaid expenses		30,543.90	30,543.90
Restricted assets:			
Restricted cash and cash equivalents	5,047,733.15		5,047,733.15
Capital assets:			
Land and construction in progress	22,652,937.87		22,652,937.87
Other capital assets, net	<u>78,992,356.92</u>	<u>295,477.70</u>	<u>79,287,834.62</u>
Total assets	<u>121,900,550.24</u>	<u>754,266.47</u>	<u>122,654,816.71</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to loss from debt refunding	1,409,192.54		1,409,192.54
Related to pensions	<u>5,231,395.00</u>		<u>5,231,395.00</u>
Total Deferred Outflows of Resources	<u>6,640,587.54</u>		<u>6,640,587.54</u>
LIABILITIES:			
Accounts payable	2,205,498.55	13,494.35	2,218,992.90
Accrued liabilities	1,946,300.00		1,946,300.00
Payable to state government	25,517.00		25,517.00
Interfunds payable	1,145,744.24		1,145,744.24
Unearned revenue	98,002.97	303,348.42	401,351.39
Interest payable	625,157.84		625,157.84
Noncurrent liabilities:			
Due within one year	6,607,994.85		6,607,994.85
Due beyond one year:			
Net Pension Liability	22,402,164.00		22,402,164.00
Compensated absences payable	1,007,792.77		1,007,792.77
Bonds and capital leases payable	<u>57,278,755.89</u>		<u>57,278,755.89</u>
Total liabilities	<u>93,342,928.11</u>	<u>316,842.77</u>	<u>93,659,770.88</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	<u>8,480,975.00</u>		<u>8,480,975.00</u>
Total Deferred Inflows of Resources	<u>8,480,975.00</u>		<u>8,480,975.00</u>
NET POSITION:			
Net investment in capital assets	39,167,736.59	295,477.70	39,463,214.29
Restricted for:			
Capital projects fund	5,283,666.97		5,283,666.97
Other purposes	8,697,470.48		8,697,470.48
Unrestricted (deficit)	<u>(26,431,639.37)</u>	<u>141,946.00</u>	<u>(26,289,693.37)</u>
Total net position	<u>\$26,717,234.67</u>	<u>\$437,423.70</u>	<u>\$27,154,658.37</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2020

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>INDIRECT EXPENSES ALLOCATION</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
					<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>		
Governmental Activities:							
Instruction:							
Regular	\$25,740,236.36	\$19,368,667.29		\$10,096,858.70	(\$35,012,044.95)		(\$35,012,044.95)
Special education	11,776,839.93	6,171,177.76		4,300,757.41	(13,647,260.28)		(13,647,260.28)
Other	4,079,860.82	2,181,331.62		1,264,485.10	(4,996,707.34)		(4,996,707.34)
Support services:							
Student and instruction related services	9,977,340.86	5,931,840.15		3,531,523.62	(12,377,657.40)		(12,377,657.40)
General administrative services	1,261,829.18	602,537.68			(1,864,366.86)		(1,864,366.86)
School administrative services	3,459,491.24	2,722,203.52		1,397,665.23	(4,784,029.53)		(4,784,029.53)
Central services	1,141,027.28	315,119.41			(1,456,146.69)		(1,456,146.69)
Administration information technology	142,290.69	21,584.25			(163,874.94)		(163,874.94)
Plant operations and maintenance	6,581,271.89	1,413,080.15			(7,994,352.04)		(7,994,352.04)
Student transportation services	3,991,149.79	1,780,833.90			(4,382,030.69)		(4,382,030.69)
Unallocated benefits	35,855,208.92	(35,855,208.92)		1,389,953.00			(84,788.01)
Unallocated Depreciation	4,737,954.82	(4,653,166.81)			(1,460,124.80)		(1,460,124.80)
Interest on long term debt	2,163,326.80			703,202.00	(88,223,383.52)		(88,223,383.52)
Total governmental activities	<u>110,907,828.57</u>			<u>22,684,445.05</u>			
Business-type activities:							
Food service	1,454,578.64		\$1,134,772.54	119,648.37		(\$200,157.73)	(200,157.73)
Summer enrichment	200,355.16		260,314.32			59,959.16	59,959.16
Total business-type activities	<u>1,654,933.80</u>		<u>1,395,086.86</u>	<u>119,648.37</u>		<u>(140,198.57)</u>	<u>(140,198.57)</u>
Total primary government	<u>\$112,562,762.37</u>		<u>\$1,395,086.86</u>	<u>\$22,804,093.42</u>	<u>(\$88,223,383.52)</u>	<u>(\$140,198.57)</u>	<u>(\$88,363,582.09)</u>
General Revenues:							
Taxes:							
Property taxes - general					\$78,134,152.00		\$78,134,152.00
Property taxes - debt service					7,555,883.00		7,555,883.00
Federal and state aid not restricted					5,181,911.23		5,181,911.23
Miscellaneous income					1,183,617.59	\$1,928.05	1,185,545.64
Total general revenues					<u>92,055,563.82</u>	<u>1,928.05</u>	<u>92,057,491.87</u>
Change in net position					3,832,180.30	(138,270.52)	3,693,909.78
Net Position - beginning					22,885,054.37	575,694.22	23,460,748.59
Net Position ending					<u>\$26,717,234.67</u>	<u>\$437,423.70</u>	<u>\$27,154,658.37</u>

The accompanying notes to the financial statements are an integral part of this statement.

MAJOR FUND FINANCIAL STATEMENTS

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash and cash equivalents	\$11,490,602.53		\$1,636,627.00	\$22,530.08	\$13,149,759.61
Cash on hand with fiscal agents	433,276.00				433,276.00
Capital reserve account	3,294,676.42				3,294,676.42
Maintenance reserve account	1,000,000.00				1,000,000.00
Emergency reserve account	319,780.73				319,780.73
Accounts receivable:					
Federal		\$196,059.97			196,059.97
State	1,829,196.23	3,239.00			1,832,435.23
Other	29,267.49				29,267.49
Interfund	227,142.32			108,743.55	335,885.87
Total assets	<u>18,623,941.72</u>	<u>199,298.97</u>	<u>1,636,627.00</u>	<u>131,273.63</u>	<u>20,591,141.32</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	804,512.03	27,632.52			832,144.55
Intergovernmental payable:					
State		25,517.00			25,517.00
Interfunds payable	1,145,744.24	85,178.42	250,707.45		1,481,630.11
Accrued liabilities for health benefits claims	1,946,300.00				1,946,300.00
Unearned revenue	37,031.94	60,971.03			98,002.97
Total liabilities	<u>3,933,588.21</u>	<u>199,298.97</u>	<u>250,707.45</u>		<u>4,383,594.63</u>
Fund balances:					
Restricted for:					
Capital reserve account	3,897,747.42				3,897,747.42
Maintenance reserve account	1,000,000.00				1,000,000.00
Emergency reserve account	319,780.73				319,780.73
Excess surplus designated for subsequent years expenditures	2,934,014.00				2,934,014.00
Excess surplus - current year	3,605,016.02				3,605,016.02
Capital projects fund			1,083,477.13		1,083,477.13
Debt service fund				131,273.63	131,273.63
Assigned for:					
Designated for subsequent years expenditures	698,800.00				698,800.00
Year-end encumbrances	139,859.73				139,859.73
Committed for:					
Year-end encumbrances			302,442.42		302,442.42
Unassigned:					
General fund	2,095,135.61				2,095,135.61
Total fund balances	<u>14,690,353.51</u>		<u>1,385,919.55</u>	<u>131,273.63</u>	<u>16,207,546.69</u>
Total liabilities and fund balances	<u>\$18,623,941.72</u>	<u>\$199,298.97</u>	<u>\$1,636,627.00</u>	<u>\$131,273.63</u>	

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Total Fund Balances (Brought Forward)		\$16,207,546.69
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$183,085,303.93	
Accumulated Depreciation	<u>(81,440,009.14)</u>	101,645,294.79
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net pension liability	(22,402,164.00)	
Compensated absences payable	(1,007,792.77)	
Capital leases payable	(4,479,267.18)	
Serial bonds payable	(\$56,177,000.00)	
Unamortized Deferred Amount on Refunding Bonds, net	<u>(1,821,291.02)</u>	
	<u>(57,998,291.02)</u>	(85,887,514.97)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related		5,231,395.00
Deferred Inflows:		
Pension related		(8,480,975.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts payable - pension related	(1,373,354.00)	
Accrued interest payable	<u>(625,157.84)</u>	
		<u>(1,998,511.84)</u>
Net Position of Governmental Activities		<u>\$26,717,234.67</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$78,134,152.00			\$7,555,883.00	\$85,690,035.00
Tuition from other LEA's within the state	143,515.80				143,515.80
Miscellaneous	557,627.36	\$34,835.75	\$447,638.68		1,040,101.79
Total revenues-local sources	78,835,295.16	34,835.75	447,638.68	7,555,883.00	86,873,652.59
State sources	19,890,657.93	68,480.00		703,202.00	20,662,339.93
Federal sources	17,502.23	1,149,197.12			1,166,699.35
Total revenues	98,743,455.32	1,252,512.87	447,638.68	8,259,085.00	108,702,691.87
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	24,822,645.64	273,335.64			25,095,981.28
Special education	8,701,411.42	837,277.00			9,538,688.42
Other instruction	3,276,393.69				3,276,393.69
Support services:					
Tuition	2,647,893.68				2,647,893.68
Student and instruction related services	9,457,222.30	139,540.49			9,596,762.79
General administrative services	1,261,829.18				1,261,829.18
School administrative services	3,368,130.34				3,368,130.34
Central services	1,141,027.28				1,141,027.28
Administration Information Technology	260,373.61				260,373.61
Plant operations and maintenance	6,691,547.82				6,691,547.82
Student transportation services	4,470,964.56				4,470,964.56
Employee benefits	30,600,219.50				30,600,219.50
Capital outlay	1,095,362.76	2,359.74	2,761,615.76		3,859,338.26
Capital outlay - debt assessment	158,855.00				158,855.00
Charter Schools	84,673.00				84,673.00
Debt service:					
Principal				5,852,800.00	5,852,800.00
Interest				2,383,757.00	2,383,757.00
Total expenditures	98,038,549.78	1,252,512.87	2,761,615.76	8,236,557.00	110,289,235.41
Excess (deficiency) of revenues over (under) expenditures	704,905.54		(2,313,977.08)	22,528.00	(1,586,543.54)
Other financing sources (uses):					
Operating transfers in				108,743.55	108,743.55
Operating transfers out			(108,743.55)		(108,743.55)
Capital leases (non-budgeted)	772,423.55				772,423.55
Total financing sources (uses):	772,423.55		(108,743.55)	108,743.55	772,423.55
Net change in fund balances	1,477,329.09		(2,422,720.63)	131,271.55	(814,119.99)
Fund balances, July 1, 2019	13,213,024.42		3,808,640.18	2.08	17,021,666.68
Fund balances, June 30, 2020	<u>\$14,690,353.51</u>	<u>\$-0-</u>	<u>\$1,385,919.55</u>	<u>\$131,273.63</u>	<u>\$16,207,546.69</u>

The accompanying notes to the financial statements are an integral part of this statement

TOWNSHIP OF MONTGOMERY 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, 2020

Total net change in fund balances - governmental funds (from B-2)		(\$814,119.99)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation expense	(\$4,737,954.82)	
Capital outlays	4,018,193.26	
Capital outlays not capitalized	<u>(158,855.00)</u>	(878,616.56)
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Proceeds from capital leases	(772,423.55)	
Deferred amount on refunding bonds	<u>146,513.64</u>	(625,909.91)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
Payment of bond principal	5,155,000.00	
Payment of capital leases payable	<u>1,405,973.62</u>	6,560,973.62
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		73,916.56
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	1,209,359.00	
Less: Pension expense	<u>(1,624,915.00)</u>	(415,556.00)
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).		
		<u>(68,507.42)</u>
Change in net position of governmental activities		<u><u>\$3,832,180.30</u></u>

The accompanying notes to the financial statements are an integral part of this statement

OTHER FUNDS

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

	<u>BUSINESS TYPE ACTIVITIES -</u> <u>ENTERPRISE FUNDS</u>		
	<u>FOOD</u> <u>SERVICE</u>	<u>SUMMER</u> <u>ENRICHMENT</u>	<u>TOTAL</u>
ASSETS			
Current assets:			
Cash & cash equivalents	\$ 25,897.85	\$ 298,612.48	\$ 324,510.33
Accounts receivable:			
State	166.70		166.70
Federal	16,136.26		16,136.26
Other	16,611.34		16,611.34
Prepaid expenses		30,543.90	30,543.90
Inventories	70,820.24		70,820.24
	<u>129,632.39</u>	<u>329,156.38</u>	<u>458,788.77</u>
Total current assets	\$	\$	\$
Noncurrent assets:			
Furniture, machinery & equipment	\$ 1,297,162.21	\$	\$ 1,297,162.21
Less accumulated depreciation	<u>(1,001,684.51)</u>	<u></u>	<u>(1,001,684.51)</u>
	<u>295,477.70</u>	<u></u>	<u>295,477.70</u>
Total noncurrent assets	\$	\$	\$
	<u>425,110.09</u>	<u>329,156.38</u>	<u>754,266.47</u>
Total assets	\$	\$	\$
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 13,494.35	\$	\$ 13,494.35
Unearned revenue	<u>113,848.42</u>	<u>189,500.00</u>	<u>303,348.42</u>
	<u>127,342.77</u>	<u>189,500.00</u>	<u>316,842.77</u>
Total current liabilities	\$	\$	\$
	<u>127,342.77</u>	<u>189,500.00</u>	<u>316,842.77</u>
Total liabilities	\$	\$	\$
NET POSITION			
Net Investment in Capital Assets	\$ 295,477.70	\$	\$ 295,477.70
Unrestricted	<u>2,289.62</u>	<u>139,656.38</u>	<u>141,946.00</u>
	<u>297,767.32</u>	<u>139,656.38</u>	<u>437,423.70</u>
Total net position	\$	\$	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	<u>FOOD SERVICE</u>	<u>SUMMER</u>	<u>TOTAL</u>
	<u>SCHOOL NUTRITION</u>	<u>ENRICHMENT</u>	
OPERATING REVENUES:			
Charges for services:			
Daily sales - reimbursable programs	\$ 202,051.93	\$	\$ 202,051.93
Daily sales - non-reimbursable programs	908,906.45		908,906.45
Miscellaneous	23,814.16		23,814.16
Other fees		260,314.32	260,314.32
	<u>1,134,772.54</u>	<u>260,314.32</u>	<u>1,395,086.86</u>
Total operating revenues	\$ 1,134,772.54	\$ 260,314.32	\$ 1,395,086.86
OPERATING EXPENSES:			
Cost of sales - reimbursable programs	\$ 299,928.58	\$	\$ 299,928.58
Cost of sales - non-reimbursable programs	226,895.31		226,895.31
Salaries	442,001.16	184,388.70	626,389.86
Employee benefits	137,385.42	14,105.76	151,491.18
Other purchased services	82,620.00		82,620.00
Supplies and materials	96,043.64	1,860.70	97,904.34
Cleaning, repair and maintenance services	94,194.94		94,194.94
Depreciation	75,509.59		75,509.59
	<u>1,454,578.64</u>	<u>200,355.16</u>	<u>1,654,933.80</u>
Total operating expenses	\$ 1,454,578.64	\$ 200,355.16	\$ 1,654,933.80
Operating income (loss)	\$ (319,806.10)	\$ 59,959.16	\$ (259,846.94)
NONOPERATING REVENUES (EXPENSES):			
State sources			
State school lunch program	\$ 4,637.11	\$	\$ 4,637.11
Federal sources			
National school lunch program	71,986.61		71,986.61
National school lunch program - HHFKA	6,394.22		6,394.22
National food distribution commodities	36,630.43		36,630.43
Interest	673.62	1,254.43	1,928.05
	<u>120,321.99</u>	<u>1,254.43</u>	<u>121,576.42</u>
Total nonoperating revenues	\$ 120,321.99	\$ 1,254.43	\$ 121,576.42
Change in Net Position	\$ (199,484.11)	\$ 61,213.59	\$ (138,270.52)
Total net position - beginning	497,251.43	78,442.79	575,694.22
Total net position - ending	\$ 297,767.32	\$ 139,656.38	\$ 437,423.70

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		<u>TOTAL</u>
	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	
Cash flows from operating activities:			
Receipts from customers	\$ 1,136,882.82	\$ 196,364.30	\$ 1,333,247.12
Payments to employees	(438,557.41)	(187,428.70)	(625,986.11)
Payments to employee benefits	(137,385.42)	(14,338.32)	(151,723.74)
Payment to suppliers	<u>(802,957.69)</u>	<u>(1,860.70)</u>	<u>(804,818.39)</u>
Net cash provided (used for) by operating activities	\$ <u>(242,017.70)</u>	\$ <u>(7,263.42)</u>	\$ <u>(249,281.12)</u>
Cash flows from noncapital financing activities:			
State Sources	\$ 5,014.08	\$	\$ 5,014.08
Federal Sources	<u>104,963.97</u>	<u> </u>	<u>104,963.97</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>109,978.05</u>	\$ <u> </u>	\$ <u>109,978.05</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	\$ <u>(15,996.43)</u>	<u> </u>	<u>(15,996.43)</u>
Net cash used for capital and related financing activities	\$ <u>(15,996.43)</u>	<u> </u>	<u>(15,996.43)</u>
Cash flows from investing activities			
Interest and dividends	\$ <u>673.62</u>	\$ <u>1,254.43</u>	\$ <u>1,928.05</u>
Net cash used for capital and related financing activities	\$ <u>673.62</u>	\$ <u>1,254.43</u>	\$ <u>1,928.05</u>
Net increase (decrease) in cash and cash equivalents	\$ (147,362.46)	\$ (6,008.99)	\$ (153,371.45)
Cash and cash equivalents- July 1	<u>173,260.31</u>	<u>304,621.47</u>	<u>477,881.78</u>
Cash and cash equivalents- June 30	<u>\$ 25,897.85</u>	<u>\$ 298,612.48</u>	<u>\$ 324,510.33</u>
Operating income (loss)	\$ (319,806.10)	\$ 59,959.16	\$ (259,846.94)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	75,509.59		75,509.59
Change in assets and liabilities:			
(Increase) Decrease in inventory	(18,522.24)		(18,522.24)
(Increase) Decrease in other accounts receivable	(3,210.50)		(3,210.50)
Increase (Decrease) in accounts payable	(6,037.18)		(6,037.18)
(Increase) Decrease in prepaid expenses		(3,272.56)	(3,272.56)
Increase (Decrease) in unearned revenue	<u>30,048.73</u>	<u>(63,950.02)</u>	<u>(33,901.29)</u>
Net cash provided (used) by operating activities	\$ <u>(242,017.70)</u>	\$ <u>(7,263.42)</u>	\$ <u>(249,281.12)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2020

	<u>AGENCY FUNDS</u>		<u>SCHOLARSHIP FUNDS</u>	<u>VISION FUNDS</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>			
ASSETS					
Cash and cash equivalents	\$ 509,159.53	\$ 1,297,275.36	\$ 33,030.79	\$ 4,001.47	\$ 730,588.31
Due from other funds		1,165,744.24			
Total assets	\$ 509,159.53	\$ 2,463,019.60	\$ 33,030.79	\$ 4,001.47	\$ 730,588.31
LIABILITIES					
Net Salary payable	\$	\$ 2,341,938.66	\$	\$	\$
Payroll deductions and withholdings		101,080.94			
Due to student groups	509,159.53				
Due to other funds		20,000.00			
Total liabilities	\$ 509,159.53	\$ 2,463,019.60	\$	\$	\$
NET POSITION					
Reserve for state unemployment	\$	\$	\$	\$ 4,001.47	\$ 730,588.31
Reserve for vision					
Reserve for scholarship awards			33,030.79		
Total net position	\$ -0-	\$ -0-	\$ 33,030.79	\$ 4,001.47	\$ 730,588.31

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>SCHOLARSHIP FUNDS</u>	<u>VISION FUNDS</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:			
Contributions:			
Employee Contributions	\$	\$	\$ 169,031.81
Board Contributions		45,000.00	
Other	1,030.00		
Total contributions	<u>\$ 1,030.00</u>	<u>\$ 45,000.00</u>	<u>\$ 169,031.81</u>
Investment earnings:			
Interest	\$ 17.69	\$	\$ 5,125.69
Net investment earnings	<u>\$ 17.69</u>	<u>\$</u>	<u>\$ 5,125.69</u>
Total additions	<u>\$ 1,047.69</u>	<u>\$ 45,000.00</u>	<u>\$ 174,157.50</u>
DEDUCTIONS:			
Unemployment claims	\$	\$	\$ 123,871.90
Claims		49,900.93	
Awards	6,175.99		
Total deductions	<u>\$ 6,175.99</u>	<u>\$ 49,900.93</u>	<u>\$ 123,871.90</u>
Change in net position	<u>\$ (5,128.30)</u>	<u>\$ (4,900.93)</u>	<u>\$ 50,285.60</u>
Net position - July 1	<u>38,159.09</u>	<u>8,902.40</u>	<u>680,302.71</u>
Net position - June 30	<u>\$ 33,030.79</u>	<u>\$ 4,001.47</u>	<u>\$ 730,588.31</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Montgomery School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental 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.

Reporting Entity

The Township of Montgomery School District is a Type II District located in Somerset County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms 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.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools through high school Grades K thru 12, located in the Township of Montgomery. 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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, proprietary, and fiduciary - 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

Debt Service Fund - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Types

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The district also considers the operations of the Summer Enrichment program as enterprise funds.

Fiduciary Fund Types

Agency Funds - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Trust Funds – These are trust funds used to account for assets donated by individuals that will provide for the payment of awards and scholarships to district students.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April 2013 school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. 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 legally mandated recognition of one or more state aid payments for budgetary purposes only and 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. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

Compensated Absences

The District accounts for compensated absences (e.g., unused sick days) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

District employees are granted varying amounts of sick days in accordance with the District's employment contract and personnel policy. Upon retirement, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount of 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 and contracts.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unreserved fund balances represent the amount available for future budgetary operations.

Unrestricted retained earnings represent the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and proprietary funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Capital Project Fund encumbrances as Committed Fund Balance.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the 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 property taxes is recognized in the period in which the revenue is earned. 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the 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 both measurable and available at fiscal yearend: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the district-wide financial statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements the year end pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts related to loss on refunding bonds and to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Montgomery School District had the following cash and cash equivalents at June 30, 2020:

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

	<u>Cash in</u>	<u>Reconciling</u>	<u>Reported</u>
	<u>Bank</u>	<u>Items</u>	<u>Total</u>
Governmental Funds	\$ 18,982,281.18	(784,788.42)	\$ 18,197,492.76
Proprietary Fund	374,119.62	(49,609.29)	324,510.33
Fiduciary Fund	2,709,446.09	(135,390.63)	2,574,055.46
	<u>\$ 22,065,846.89</u>	<u>(969,788.34)</u>	<u>\$ 21,096,058.55</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$21,565,846.89 was covered under the provisions of NJGUDPA.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
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;

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
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;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2020, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 6,760,785	\$	\$	\$ 6,760,785
Construction in progress	13,130,537	2,761,616		15,892,153
Total capital assets that are not depreciated	<u>\$ 19,891,322.11</u>	<u>\$ 2,761,616</u>	<u>\$</u>	<u>\$ 22,652,938</u>
Capital assets being depreciated:				
Site improvements	\$ 11,313,726	\$	\$	\$ 11,313,726
Building and building improvements	134,992,866	210,920		135,203,785
Machinery and equipment	13,028,052	886,803		13,914,854
Total capital assets being depreciated	<u>\$ 159,334,644</u>	<u>\$ 1,097,723</u>	<u>\$</u>	<u>\$ 160,432,366</u>
Total gross assets	<u>\$ 179,225,966</u>	<u>\$ 3,859,338</u>	<u>\$</u>	<u>\$ 183,085,304</u>
Less: accumulated depreciation for:				
Site improvements	\$ (6,356,119)	\$ (500,200)	\$	\$ (6,856,319)
Building and building improvements	(60,794,858)	(3,463,346)		(64,258,204)
Machinery and equipment	(9,551,077)	(774,409)		(10,325,486)
	<u>\$ (76,702,054)</u>	<u>\$ (4,737,955)</u>	<u>\$</u>	<u>\$ (81,440,009)</u>
Governmental activities capital assets, net	<u>\$ 102,523,911</u>	<u>\$ (878,617)</u>	<u>\$ -0.00-</u>	<u>\$ 101,645,295</u>
Business type activities:				
Machinery and equipment	\$ 1,281,166	\$ 15,996	\$	\$ 1,297,162
Less: accumulated depreciation	<u>(926,175)</u>	<u>(75,510)</u>		<u>(1,001,685)</u>
Proprietary fund capital assets, net	<u>\$ 354,991</u>	<u>\$ (59,513)</u>	<u>\$ -0.00-</u>	<u>\$ 295,478</u>

Depreciation was charged to the following expense functions of the district:

Instruction:	
Regular	\$ 2,458,853
Special	228,928
Other	11,870
Support Services:	
Student and Instruction related services	110,224
General and business related services	669,825
Plant operations & maintenance	156,010
Transportation	1,017,456
Unallocated	<u>84,788</u>
Total Depreciation Expenses, Governmental Activities	<u>\$ 4,737,955</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2020:

Governmental Funds:

	Balance June 30, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
Bonds Payable	\$61,332,000.00		\$5,155,000.00	\$56,177,000.00	\$5,345,000.00
Unamortized Bond Premium	3,565,426.68		334,943.12	3,230,483.56	
Capital Leases Payable	5,112,817.25	772,423.55	1,405,973.62	4,479,267.18	1,262,994.85
Compensated Absences	939,285.35	68,507.42		1,007,792.77	
Net Pension Liability	23,838,784.00	-	1,436,620.00	22,402,164.00	-
	<u>\$ 94,788,313.28</u>	<u>\$ 840,930.97</u>	<u>\$ 8,332,536.74</u>	<u>\$ 87,296,707.51</u>	<u>\$ 6,607,994.85</u>

Capital Leases Payable

The Board has entered into various capital leases for copier equipment and school buses. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 1,388,625.03
2022	1,322,358.43
2023	1,110,479.39
2024	<u>940,732.28</u>
Total Minimum Lease Payments	\$ 4,762,195.13
Less: Amounts Representing Interest	<u>282,927.95</u>
Present Value of Minimum Lease Payments	<u>\$ 4,479,267.18</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments on issued debt, are as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,345,000.00	\$ 2,079,297.50	\$ 7,424,297.50
2022	5,540,000.00	1,866,722.50	7,406,722.50
2023	5,740,000.00	1,646,462.50	7,386,462.50
2024	5,895,000.00	1,417,482.50	7,312,482.50
2025	6,455,000.00	1,180,342.50	7,635,342.50
2026	5,135,000.00	950,647.50	6,085,647.50
2027	4,150,000.00	766,647.50	4,916,647.50
2028	4,295,000.00	604,147.50	4,899,147.50
2029	4,410,000.00	462,347.50	4,872,347.50
2030	4,540,000.00	315,947.50	4,855,947.50
2031	<u>4,672,000.00</u>	<u>162,472.50</u>	<u>4,834,472.50</u>
	\$ <u>56,177,000.00</u>	\$ <u>11,452,517.50</u>	\$ <u>67,629,517.50</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM DEBT (CONTINUED)

The Bonds Issued and Outstanding at year end are comprised of the following issues:

\$14,125,000 of 2010 bonds due in remaining annual installments of \$1,115,000 to \$1,330,000 through September 2024 at interest rates of 3% to 3.3%	\$ 6,100,000.00
\$17,215,000 of 2011 Refunding bonds due in remaining annual installments of \$1,110,000 to \$1,175,000 through August 2025 at an interest rate of 5.0%	6,885,000.00
\$18,502,000 of 2016 bonds due in remaining annual installments of \$1,100,000 to \$1,600,000 through April 2031 at interest rates of 2% to 2.375%	15,252,000.00
\$33,695,000 of 2017 Refunding bonds due in remaining annual installments of \$1,955,000 to \$3,170,000 through April 2031 at interest rates of 4% to 5%	<u>27,940,000.00</u>
	<u>\$ 56,177,000.00</u>

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2020, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2019	\$4,970,020,936.00
2018	4,866,399,918.00
2017	4,780,316,122.00
	<u>\$14,616,736,976.00</u>
Average equalized valuation of property	\$4,872,245,658.67
School borrowing margin (4% of \$4,872,245,658.67)	\$194,889,826.35
Net bonded school debt and authorized but not issued as of June 30, 2020	<u>56,177,000.00</u>
School borrowing power available	<u>\$138,712,826.35</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of new Jersey makes the employer contribution on behalf of public school districts).

PERS Contribution Requirements

<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2020	\$ 1,209,359.00	100.00%	\$ 1,209,359.00
2019	1,204,291.00	100.00%	1,204,291.00
2018	1,128,675.00	100.00%	1,128,675.00

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$7,626,441.00, \$6,876,860.00 and \$5,031,093.00, respectively to the TPAF pension system on behalf of the District.

In accordance with N.J.S.9. 18A:66-66 during the years ended June 30, 2020, 2019 and 2018, the State of New Jersey reimbursed the District \$2,873,686.93, \$2,640,795.37 and \$2,636,750.85, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the governmental fund statements and schedules as a revenue and expenditure in accordance with GASB 68.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$22,402,164.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.1243288004 percent, which was an increase of 0.0032552204 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,624,911.00 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$402,090	\$98,963
Changes of assumptions	2,236,938	7,775,720
Net difference between projected and actual earnings on pension plan investments		353,627
Changes in proportion and differences between District contributions and proportionate share of contributions	1,219,013	252,665
District contributions subsequent to the measurement date	<u>1,373,354</u>	
	<u>\$5,231,395</u>	<u>\$8,480,975</u>

The \$1,373,354.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

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

Year Ended <u>June 30</u>	<u>Amount</u>
2020	(\$453,602)
2021	(1,905,172)
2022	(1,680,516)
2023	(686,569)
2024	<u>102,925</u>
	<u><u>(\$4,622,934)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	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 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-2019.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the net pension liability	\$30,780,429	\$22,402,164	\$19,193,830

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Teachers Pensions and Annuity Fund (TPAF)

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share	
associated with the District	<u>\$210,186,587</u>
	<u><u>\$210,186,587</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was .3424855045% which was an increase of .0089437185 percent from its proportion measured as of June 30, 2018.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$12,397,367.00 for contributions provided by the State. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of	Based on Years of
	Service	Service
Thereafter	2.75%-5.65%	2.00%-5.45%
	Based on Years of	Based on Years of
	Service	Service
Investment Rate of Return	7.00%	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2019 and June 30, 2018 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,943</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2020 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>111,598,689</u>
	<u><u>\$111,598,689</u></u>

The total Non-Employer OPEB Liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The total Non-Employer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$4,095,661.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2019 measurement date.

At June 30, 2019, the District's proportion was 0.2674362488 percent, which was an increase of .0050653325 from its proportion measured as of June 30, 2018.

The State, a Non-Employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

The total Non-Employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

*Based on Years of Service

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

The actuarial assumptions used in the June 30, 2018 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 and June 30, 2019 was 3.50% and 3.87% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2018 to June 30, 2019.

Balance at 6/30/18		\$120,981,415
Changes for the year:		
Service cost	\$5,654,823	
Interest	4,837,110	
Differences between expected and actual experience	(18,214,407)	
Changes in assumptions or other inputs	1,663,946	
Membership Contributions	101,549	
Benefit payments - Net	<u>(3,425,747)</u>	
Net changes		<u>(9,382,726)</u>
Balance at 6/30/19		<u><u>\$111,598,689</u></u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	<u>1.00% Decrease (2.50%)</u>	<u>At Discount Rate (3.50%)</u>	<u>1.00% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$131,842,152	\$111,598,689	\$95,518,391

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$91,952,346	\$111,598,689	\$137,606,414

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$	\$ 28,040,598.00
Changes of assumptions		22,682,684.00
Changes in proportion	2,956,544.00	
	\$ 2,956,544.00	\$ 50,723,282.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Year Ended	<u>Amount</u>
<u>June 30,</u>	
2020	(\$6,219,028)
2021	(6,219,028)
2022	(6,219,028)
2023	(6,219,028)
2024	(6,219,028)
Total	
Thereafter	(16,671,597)
	(\$47,766,738)

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2019-2020 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 10: 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 maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 table is a summary of District contributions, 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>Board & Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-20	\$ 5,125.69	\$ 169,031.81	\$ 123,871.90	\$ 730,588.31
2018-19	6,029.55	136,465.32	103,315.37	680,302.71
2017-18	3,103.98	136,688.03	123,604.49	641,123.21

Self-Insurance Plans The District has established medical, prescription and dental benefit self-insurance plans (the Plans). Transactions related to the Plans are accounted for in the General Fund.

Horizon-BCBSNJ administers broker payment on the District's behalf to the commissioned broker of the Plans, Brown & Brown Benefit Advisors. At June 30, 2020, total unpaid claims, including an estimate of claims that have been incurred but not yet reported (IBNR) to the administrative agent, totaled \$1,946,300.00 for the Plans. The IBNR liability has been calculated by the District based on actual enrollment, the statute of limitations in reporting a claim, and actual claims reported.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 11: FUND BALANCE APPROPRIATED – GAAP BASIS

General Fund - Of the \$14,690,353.51 in General Fund Balance at June 30, 2020, \$139,859.73 has been assigned for year-end encumbrances; \$3,605,016.02 has been restricted in the Capital Reserve Account; \$1,000,000.00 has been restricted as maintenance reserve; \$319,780.73 has been restricted as Emergency Reserve; \$698,800.00 has been assigned for designated for subsequent year's expenditures; \$2,934,014.00 has been restricted as excess surplus resulting from the year ended June 30, 2019; \$3,605,016.02 has been restricted as excess surplus resulting from the year ended June 30, 2020; and \$2,095,135.61 is unassigned.

NOTE 12: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the designation for restricted fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve 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 years' budget. Based on the calculation, the Montgomery School District has \$3,605,016.02 excess fund balance resulting from the year ended June 30, 2020.

General Fund Expenditures	
Fiscal Year Ended June 30, 2020	\$98,038,549.78
Less:	
On-behalf TPAF Pension and Social Security Reimbursement and assets acquired under capital leases	14,108,719.48
Adjusted General Fund Expenditures	83,929,830.30
Excess Surplus Percentage	2.00%
2% of Adjusted 2019-20 General Fund Expenditures	1,678,596.61
Add: Allowable Adjustments	889,461.00
Maximum Unreserved/Undesignated Fund Balance	2,568,057.61
Actual Unassigned/Undesignated Fund Balance	6,173,073.63
Excess Surplus	\$3,605,016.02

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 13: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the Township of Montgomery School District by inclusion of \$100.00 on September 25, 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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), 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 year ending June 30, 2020 is as follows:

Beginning balance, July 1, 2019		\$3,282,103.18
Increased by:		
Board resolution dated 06/23/2020	\$875,000.00	
Unexpended Appropriations	813,071.00	
Interest	12,573.24	
	1,700,644.24	\$4,982,747.42
Decreased by:		
Utilized in adopted budget		1,085,000.00
Ending balance, June 30, 2020		\$3,897,747.42

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 14: MAINTENANCE RESERVE

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

At June 30, 2020, the balance of the Maintenance Reserve Account was \$1,000,000.00 and is within the statutory limitations.

The activity of the maintenance reserve for the year ending June 30, 2020 is as follows:

Increased by:	
Board resolution dated 06/23/2020	<u>\$1,000,000.00</u>
Ending balance, June 30, 2020	<u>\$1,000,000.00</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 15: EMERGENCY RESERVE

An emergency reserve was established by the Township of Montgomery School District for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

The activity of the emergency reserve for the year ending June 30, 2020 is as follows:

Balance June 30, 2019	\$316,715.09
Increased by:	
Interest earned	3,065.64
Balance June 30, 2020	\$319,780.73

NOTE 16: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2020.

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food and Supplies	<u>\$70,820.24</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2020

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$227,142.32	\$1,145,744.24
Special Revenue Fund		85,178.42
Capital Projects Fund		250,707.45
Debt Service Fund	108,743.55	
Trust and Agency Fund	<u>1,165,744.24</u>	<u>20,000.00</u>
	<u>\$1,501,630.11</u>	<u>\$1,501,630.11</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 19: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through December 16, 2020 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that the following subsequent events needed to be disclosed:

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus has continued to spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the District's operations in Fiscal Year 2021 cannot be reasonably estimated at this time but may negatively affect revenues.

Issuance of Debt

The District issued \$9,650,000.00 of Refunding School Bonds. The bonds are dated July 9, 2020 with a final maturity date of August 1, 2025 with an interest rate of 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION - Part II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$78,134,152.00		\$78,134,152.00	\$78,134,152.00	\$2,990.64
Interest earned on emergency reserve funds	75.00		75.00	3,065.64	12,323.24
Interest earned on capital reserve funds	250.00		250.00	12,573.24	(33,484.20)
Tuition from Individuals	177,000.00		177,000.00	143,515.80	(503,696.52)
Unrestricted miscellaneous	1,045,685.00		1,045,685.00	541,988.48	(621,866.84)
Total revenues-local sources	79,357,162.00		79,357,162.00	78,835,295.16	
State sources:					
Categorical special education aid	3,123,628.00		3,123,628.00	3,123,628.00	
Categorical Security Aid	395,031.00		395,031.00	395,031.00	
Categorical Transportation Aid	1,389,953.00		1,389,953.00	1,389,953.00	
Extraordinary aid	800,000.00		800,000.00	1,689,461.00	889,461.00
Non Public School Transportation	100,000.00		100,000.00	(100,000.00)	
On-behalf TPAF post retirement medical (non budgeted)				2,829,270.00	2,829,270.00
On -behalf TPAF non-contributory insurance (non-budgeted)				134,288.00	134,288.00
On-behalf TPAF pension contribution (non-budgeted)				7,492,153.00	7,492,153.00
On-behalf long-term disability insurance (non-budgeted)				6,898.00	6,898.00
Reimbursed TPAF social security cont. (non-budgeted)				2,873,686.93	2,873,686.93
Total - state sources	5,808,612.00		5,808,612.00	19,934,368.93	14,125,756.93
Federal sources:					
Medicaid Reimbursement (SEMI)	30,865.00		30,865.00	17,502.23	(13,362.77)
Total - federal sources	30,865.00		30,865.00	17,502.23	(13,362.77)
Total revenues	\$85,196,639.00		\$85,196,639.00	\$98,787,166.32	\$13,590,527.32
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	\$492,986.00	\$38,085.00	\$531,071.00	\$495,829.51	\$35,241.49
Grades 1-5	9,359,549.00	(403,120.10)	8,956,428.90	8,849,643.51	106,785.39
Grades 6-8	6,121,950.00	8,691.10	6,130,641.10	5,730,090.24	400,550.86
Grades 9-12	8,581,805.00	(122,486.60)	8,459,318.40	8,214,950.69	244,367.71
Home instruction - regular programs:					
Salaries of teachers	40,000.00	(19,546.00)	20,454.00	20,453.21	0.79
Purchased professional educational services	\$20,000.00	(\$5,364.00)	\$14,636.00	\$5,313.62	\$9,322.38

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Purchased technical services	\$67,600.00	(\$29,500.00)	\$38,100.00	\$11,999.99	\$26,100.01
Other purchased services	277,116.00	189,407.00	466,523.00	393,546.07	72,976.93
General supplies	979,768.00	153,538.54	1,133,306.54	999,665.40	133,641.14
Textbooks	162,610.00	(15,260.00)	147,350.00	98,042.40	49,307.60
Other objects	4,485.00		4,485.00	3,111.00	1,374.00
Total regular programs	26,107,869.00	(205,555.06)	25,902,313.94	24,822,645.64	1,079,668.30
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	860,627.00	2,285.00	862,912.00	856,044.71	6,867.29
Other salaries for instruction	436,874.00	(17,810.00)	419,064.00	401,531.10	17,532.90
Other purchased services (400-500 series)	600.00		600.00		600.00
General supplies	22,628.00	(2,000.00)	20,628.00	13,677.08	6,950.92
Total learning and/or language disabilities	1,320,729.00	(17,525.00)	1,303,204.00	1,271,252.89	31,951.11
Visual impairments:					
Salaries of teachers		61,133.00	61,133.00	61,132.50	0.50
Total visual impairments:		61,133.00	61,133.00	61,132.50	0.50
Resource room/resource center:					
Salaries of teachers	5,577,924.00	(167,683.00)	5,410,241.00	5,280,299.71	129,941.29
Other salaries for instruction	864,412.00	(7,864.00)	856,548.00	738,994.70	117,553.30
Purchased professional services	3,000.00	(3,000.00)			
General supplies	29,426.00	(1,350.00)	28,076.00	21,029.41	7,046.59
Total resource room/center	6,474,762.00	(179,897.00)	6,294,865.00	6,040,323.82	254,541.18
Autism					
Salaries of teachers	487,492.00	62,937.00	550,429.00	545,098.50	5,330.50
Other salaries for instruction	43,885.00	20,109.00	63,994.00	48,568.01	15,435.99
General supplies	52,872.00		52,872.00	45,465.90	7,406.10
Total autism:	584,249.00	83,046.00	667,295.00	639,122.41	28,172.59
Preschool disabilities - part time:					
Salaries of teachers	165,513.00	(10,240.00)	155,273.00	151,801.88	3,471.12
Other salaries for instruction	142,946.00	(36,488.00)	106,458.00	90,256.30	16,201.70
General supplies	8,707.00		8,707.00	8,407.25	299.75
Total preschool disabilities - part time	\$317,166.00	(\$46,728.00)	\$270,438.00	\$250,465.43	\$19,972.57

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Preschool disabilities - full time:					
Salaries of teachers	\$308,386.00	(\$57,086.00)	\$251,300.00	\$245,670.00	\$5,630.00
Other salaries for instruction	85,539.00	8,467.00	94,006.00	91,871.83	2,134.17
Total preschool disabilities - full time	393,925.00	(48,619.00)	345,306.00	337,541.83	7,764.17
Special education - Home Instruction:					
Salaries of teachers	40,000.00	44,853.00	84,853.00	79,083.69	5,769.31
Purchased Professional-Educational Services	20,000.00	16,200.00	36,200.00	22,488.85	13,711.15
Total home instruction	60,000.00	61,053.00	121,053.00	101,572.54	19,480.46
Total special education	9,150,831.00	(87,537.00)	9,063,294.00	8,701,411.42	361,882.58
Basic skills/remedial:					
Salaries of teachers	1,689,476.00	(221,880.00)	1,467,596.00	1,332,136.82	135,459.18
General supplies	14,205.00		14,205.00	8,944.69	5,260.31
Total basic skills/remedial	1,703,681.00	(221,880.00)	1,481,801.00	1,341,081.51	140,719.49
Bilingual education:					
Salaries of teachers	531,055.00	(57,480.00)	473,575.00	463,164.66	10,410.34
General supplies	4,015.00	2,702.00	6,717.00	6,658.94	58.06
Total bilingual education	535,070.00	(54,778.00)	480,292.00	469,823.60	10,468.40
School sponsored cocurricular activities:					
Salaries	362,469.00	8,445.50	370,914.50	353,818.15	17,096.35
Purchased services (300-500 series)	8,200.00	(996.00)	7,204.00	1,014.00	6,190.00
Supplies and Materials	32,238.00		32,238.00	25,501.72	6,736.28
Other objects	23,228.00	150.00	23,378.00	19,295.00	4,083.00
Total school sponsored cocurricular activities	426,135.00	7,599.50	433,734.50	399,628.87	34,105.63
School sponsored athletics:					
Salaries	780,836.00	51,853.00	832,689.00	829,286.84	3,402.16
Purchased services	26,789.00	90,154.00	116,943.00	91,226.61	25,716.39
Supplies and Materials	113,827.70	(9,008.00)	104,819.70	95,706.76	9,112.94
Other objects	40,860.00		40,860.00	37,342.50	3,517.50
Transfers to cover deficit (Agency Funds)	80,609.00	(64,624.00)	15,985.00		15,985.00
Total school sponsored athletics	1,042,921.70	68,375.00	1,111,296.70	1,053,562.71	57,733.99
Other instructional programs - instruction:					
Salaries	12,297.00		12,297.00	12,297.00	
Total other instructional programs - instruction	12,297.00		12,297.00	12,297.00	
Total other instructional programs	3,720,104.70	(200,683.50)	3,519,421.20	3,276,393.69	243,027.51
Total - instruction	\$38,978,804.70	(\$493,775.56)	\$38,485,029.14	\$36,800,450.75	\$1,684,578.39

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures:					
Instruction:					
Tuition to Other LEAs Within the State-Special	\$916,130.00	(\$70,846.00)	\$845,284.00	\$768,678.68	\$76,605.32
Tuition to County Vocational School - Regular	18,000.00	14,903.00	32,903.00	30,802.50	2,100.50
Tuition to County Vocational School - Special	127,500.00	(16,550.00)	110,950.00	25,500.00	85,450.00
Tuition for private schools for handicapped within the state	1,949,505.00	(85,591.00)	1,863,914.00	1,164,386.93	699,527.07
Tuition for private schools for handicapped outside the state	77,811.00	1,961.00	79,772.00	78,689.28	1,082.72
Tuition - other	717,411.00		717,411.00	579,836.29	137,574.71
Total instruction	3,806,357.00	(156,123.00)	3,650,234.00	2,647,893.68	1,002,340.32
Attendance and social services work:					
Purchased Professional & Technical Services	2,500.00		2,500.00		2,500.00
Total - attendance and social services work	2,500.00		2,500.00		2,500.00
Health services:					
Salaries	777,430.00	360.00	777,790.00	756,589.35	21,200.65
Purchased Professional & Technical Services	706,954.00	(57,862.00)	649,092.00	580,710.89	68,381.11
Other purchased services	3,800.00	700.00	4,500.00	1,053.09	3,446.91
Supplies and materials	38,590.00	(2,000.00)	36,590.00	25,861.33	10,728.67
Total - health services	1,526,774.00	(58,802.00)	1,467,972.00	1,364,214.66	103,757.34
Other support services - students-related services:					
Salaries	1,144,067.00	(55,020.00)	1,089,047.00	1,056,270.69	32,776.31
Purchased professional -educational services	189,662.00	23,380.00	213,042.00	133,804.42	79,237.58
Supplies and materials	19,289.00		19,289.00	16,105.85	3,183.15
Total other support services - students-related services	1,353,018.00	(31,640.00)	1,321,378.00	1,206,180.96	115,197.04
Other support services students-extra services					
Salaries	1,263,534.00	26,764.00	1,290,298.00	1,194,256.59	96,041.41
Purchased professional -educational services	191,977.00	203,800.00	395,777.00	283,307.96	112,469.04
Total other support services students-extra services	\$1,455,511.00	\$230,564.00	\$1,686,075.00	\$1,477,564.55	\$208,510.45

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students-regular					
Salaries of other professional staff	\$1,545,618.00	(\$93,075.00)	\$1,452,543.00	\$1,410,073.12	\$42,469.88
Salaries of secretarial and clerical assistants	147,056.00		147,056.00	145,109.92	1,946.08
Other Salaries	95,351.00	3,075.00	98,426.00	98,421.84	4.16
Purchased Professional - Educational Services	1,000.00		1,000.00	1,000.00	1,000.00
Other purchased professional and technical services	47,027.00		47,027.00	46,016.00	1,011.00
Other purchased services	10,096.00		10,096.00	5,056.08	5,039.92
Supplies and materials	10,862.00	258.00	11,120.00	6,481.65	4,638.35
Other objects	596.00	(258.00)	338.00	209.00	129.00
Total other support services - students-regular	1,857,606.00	(90,000.00)	1,767,606.00	1,711,367.61	56,238.39
Other support services - students - special services:					
Salaries of other professional staff	1,582,409.00	(126,781.00)	1,455,628.00	1,393,421.99	62,206.01
Salaries of secretarial and clerical assistants	320,600.00	(509.00)	320,091.00	281,525.79	38,565.21
Salaries - other	5,400.00	1,173.00	6,573.00	5,683.65	889.35
Purchased professional educational services	55,000.00		55,000.00	25,054.00	29,946.00
Purchased professional technical services	18,400.00		18,400.00	16,738.79	1,661.21
Other Purchase Services (400-500 series)	19,935.00	1,496.00	21,431.00	9,205.76	12,225.24
Supplies and materials	26,570.00	2,842.00	29,412.00	25,067.89	4,344.11
Total other support services - students - special services	2,028,314.00	(121,779.00)	1,906,535.00	1,756,697.87	149,837.13
Improvement of instructional services:					
Salary of Supervisor of instruction	196,978.00	16,809.00	213,787.00	210,977.66	2,809.34
Salaries of other professional staff	106,907.00	35,432.00	142,339.00	131,571.54	10,767.46
Salaries of secretary and clerical assistant	40,946.00		40,946.00	40,088.88	857.12
Salaries of Facilitators, Math & Literacy Coaches	16,390.00	(13,890.00)	2,500.00	320.00	2,180.00
Purchased professional educational services	60,400.00	(35,776.00)	24,624.00	400.00	24,224.00
Other purchased services	18,474.00		18,474.00	18,473.17	0.83
Other purchased services	1,000.00	10,650.00	11,650.00	4,363.73	7,286.27
Supplies and materials	3,250.00	4,500.00	7,750.00	3,898.97	3,851.03
Miscellaneous expenditures	1,500.00	26,066.00	27,566.00	25,918.99	1,647.01
Total improvement of instructional services	445,845.00	43,791.00	489,636.00	436,012.94	53,623.06
Educational media/school library:					
Salaries	769,855.00	(14,679.80)	755,175.20	714,975.68	40,199.52
Purchased professional and technical services	6,000.00		6,000.00	5,641.95	358.05
Other Purchase Services (400-500 series)	40,550.00		40,550.00	51.00	40,499.00
Supplies and materials	106,285.00	13,340.00	119,625.00	115,762.66	3,862.34
Total educational media/school library	\$922,690.00	(\$1,339.80)	\$921,350.20	\$836,431.29	\$84,918.91

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Instructional staff training services:					
Salaries of Supervisors of Instruction	\$562,966.00	(\$1,448.00)	\$561,518.00	\$541,923.61	\$19,594.39
Salaries of Other Professional Staff	85,220.00	10,750.00	95,970.00	24,175.00	71,795.00
Salaries of Secretarial and Clerical Assist	17,548.00	0.20	17,548.20	17,181.12	367.08
Purchased professional educational services	176,005.00	(97,800.00)	78,205.00	48,065.18	30,139.82
Other Purchase Services (400-500 series)	89,338.00	(10,002.50)	79,335.50	31,583.18	47,752.32
Supplies and materials	8,931.00		8,931.00	5,824.33	3,106.67
Total Instructional staff training services	940,008.00	(98,500.30)	841,507.70	668,752.42	172,755.28
Support services general administration:					
Salaries	655,455.00	(76,946.00)	578,509.00	571,871.60	6,637.40
Legal services	200,000.00	(30,000.00)	170,000.00	98,963.72	71,036.28
Audit fees	53,040.00	7,395.00	60,435.00	33,385.00	27,050.00
Architectural/Engineering Services	19,000.00	19,900.48	38,900.48	19,900.00	19,000.48
Other purchased professional services	2,000.00	22,730.00	24,730.00	23,019.86	1,710.14
Communications/telephone	24,180.00	86,167.00	110,347.00	95,132.69	15,214.31
BOE Other purchased services	5,200.00		5,200.00	3,408.50	1,791.50
Other purchased services	340,300.00	56,530.00	396,830.00	385,615.75	11,214.25
General Supplies	4,750.00	(1,023.00)	3,727.00	2,161.71	1,565.29
BOE in-house training/meeting supplies	2,000.00	1,500.00	3,500.00	67.25	3,432.75
Miscellaneous expenditures	11,000.00	460.00	11,460.00	5,125.00	6,335.00
BOE Membership dues and fees	24,000.00	(457.00)	23,543.00	23,178.10	364.90
Total support services general administration	1,340,925.00	86,256.48	1,427,181.48	1,261,829.18	165,352.30
Support services school administration:					
Salaries of principals/assistant principals	1,783,673.00	13,961.00	1,797,634.00	1,787,810.40	9,823.60
Salaries of secretarial and clerical assistants	717,820.00	110,069.84	827,889.84	802,257.43	25,632.41
Salaries of Other Professional Staff	742,610.00	46,468.64	789,078.64	715,627.31	73,451.33
Other purchased services	42,613.00	410.00	43,023.00	13,761.49	29,261.51
Supplies and materials	52,956.00		52,956.00	42,192.72	10,763.28
Other objects	9,356.00	20.00	9,376.00	6,480.99	2,895.01
Total support services school administration	3,349,028.00	170,929.48	3,519,957.48	3,368,130.34	151,827.14
Central services:					
Salaries	961,162.00	47,106.00	1,008,268.00	1,000,117.69	8,150.31
Purchased professional services	17,583.48	(2,583.48)	15,000.00		15,000.00
Purchased technical services	78,704.00	44,541.00	123,245.00	102,471.20	20,773.80
Misc. purchased services (400-500 series)	29,050.00	(138.00)	28,912.00	11,885.52	17,026.48
Supplies and Materials	22,866.30	581.00	23,447.30	18,448.68	4,998.62
Interest on Lease Purchase	21,185.00	(18,685.00)	2,500.00	2,387.62	112.38
Miscellaneous Expenditures	9,925.00	(3,000.00)	6,925.00	5,716.57	1,208.43
Total central services	\$1,140,475.78	\$67,821.52	\$1,208,297.30	\$1,141,027.28	\$67,270.02

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Administration information technology:					
Salaries	\$33,023.00	\$45,480.60	\$78,503.60	\$68,503.52	\$10,000.08
Purchased technical services	184,050.00	(4,564.00)	179,486.00	177,066.90	2,419.10
Other Purchased Services	24,719.00	(15,000.00)	9,719.00	1,797.00	7,922.00
Supplies and Materials	89,400.00	(69,400.00)	20,000.00	13,006.19	6,993.81
Total administration information technology	331,192.00	(43,483.40)	287,708.60	260,373.61	27,334.99
Required maintenance for school facilities:					
Salaries	488,173.00	68,631.00	556,804.00	546,344.48	10,459.52
Cleaning, repair, and maintenance services	459,985.76	8,892.00	468,877.76	450,890.62	17,987.14
General Supplies	162,021.28	20,594.48	182,615.76	169,457.98	13,157.78
Total required maintenance for school facilities	1,110,180.04	98,117.48	1,208,297.52	1,166,693.08	41,604.44
Other operations & maintenance of plant:					
Salaries	1,863,141.00	(46,182.00)	1,816,959.00	1,816,822.88	136.12
Salaries of Non-Instructional Aides	341,491.00	(61,691.00)	279,800.00	277,931.18	1,868.82
Purchased professional and technical services	15,000.00	(8,000.00)	7,000.00	5,868.58	1,131.42
Cleaning, repair and maint. services	486,110.00	(17,952.00)	468,158.00	430,689.87	37,468.13
Other purchased property services	224,500.00	115,138.00	339,638.00	305,382.05	34,255.95
Insurance	445,000.00	18,335.00	463,335.00	457,334.55	6,000.45
Miscellaneous purchased services	19,975.00	(11,843.00)	8,132.00	7,600.99	531.01
General supplies	274,200.00	(169,864.00)	104,336.00	104,010.25	325.75
Energy (Natural Gas)	577,000.00	(122,000.00)	455,000.00	250,000.00	205,000.00
Energy (Electricity)	1,219,831.34	264,027.00	1,483,858.34	1,358,148.22	125,710.12
Other objects	7,000.00	(2,730.00)	4,270.00	2,823.08	1,446.92
Total other operations & maintenance of plant	5,473,248.34	(42,762.00)	5,430,486.34	5,016,611.65	413,874.69
Care & Upkeep of Grounds					
Salaries	187,389.00	68,226.00	255,615.00	254,681.36	933.64
Cleaning, Repair, and Maintenance Services	98,500.00	18,505.00	117,005.00	109,907.12	7,097.88
General Supplies	66,000.00	(32,000.00)	34,000.00	33,333.97	666.03
Total Care and Upkeep of Grounds	351,889.00	54,731.00	406,620.00	397,922.45	8,697.55
Security:					
Salaries	27,994.00	46,518.00	74,512.00	67,626.61	6,885.39
Purchased professional and technical services	18,000.00	20,760.00	38,760.00	38,250.00	510.00
General Supplies		5,902.00	5,902.00	4,444.03	1,457.97
Total Security	45,994.00	73,180.00	119,174.00	110,320.64	8,853.36
Total operations & maintenance of plant services	\$6,981,311.38	\$183,266.48	\$7,164,577.86	\$6,691,547.82	\$473,030.04

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Student transportation services:					
Salaries of non-instructional aides	\$197,885.00	(\$14,502.00)	\$183,383.00	\$182,963.76	\$419.24
Salaries for pupil transportation (between home and school) - regular	1,378,176.00	15,199.00	1,393,375.00	1,352,372.67	41,002.33
Salaries for pupil transportation (between home and school) - special	235,719.00	(2,000.00)	233,719.00	217,524.48	16,194.52
Salaries for pupil transportation (other than between home and school)	213,425.00	(40,449.00)	172,976.00	165,588.46	7,387.54
Other Purchased Prof. and Technical Serv.	52,060.00	(260.00)	51,800.00	23,659.80	28,140.20
Cleaning, repair and maint. services	89,668.95	(26,889.00)	62,779.95	34,588.33	28,191.62
Lease Purchase Payments - School Buses	451,856.00	34,258.00	486,114.00	485,463.30	650.70
Contracted services (aid in lieu of payments)	400,000.00	(4,000.00)	396,000.00	243,203.00	152,797.00
Contract services (aid in lieu of payments)- Charter Sch	1,000.00	4,000.00	5,000.00	4,665.50	334.50
Contracted services (between home and school) - vendors	843,719.00	(169,689.00)	674,030.00	608,082.22	65,947.78
Contracted services (other than between home and school) - vendors	20,000.00	50,000.00	70,000.00	53,177.50	16,822.50
Contracted services (between home and school) - joint agreements	4,000.00		4,000.00		4,000.00
Contracted services (special education students) joint agreements	25,000.00		25,000.00	8,278.40	16,721.60
Contracted services (special education students) - ESCs & CTSA's	639,612.00	300,520.00	940,132.00	812,574.20	127,557.80
General supplies	5,000.00		5,000.00	2,998.39	2,001.61
Transportation supplies	325,995.00	(7,070.00)	318,925.00	272,254.55	46,670.45
Other Objects	3,900.00		3,900.00	3,570.00	330.00
Total student transportation services	4,887,015.95	139,118.00	5,026,133.95	4,470,964.56	555,169.39
Unallocated benefits:					
Group insurance	69,000.00		69,000.00	48,597.65	20,402.35
Social security contributions	1,199,500.00	(89,658.00)	1,109,842.00	1,041,621.44	68,220.56
Other retirement contributions - PERS	1,550,000.00	(40,000.00)	1,510,000.00	1,243,353.33	266,646.67
Pension contributions		40,000.00	40,000.00	26,286.04	13,713.96
Workmen's compensation	348,000.00	175,448.00	523,448.00	523,447.94	0.06
Health benefits	14,219,778.00	(147,994.00)	14,071,784.00	13,604,538.38	467,245.62
Tuition reimbursement	160,000.00		160,000.00	141,834.50	18,165.50
Other employee benefits	689,000.00	89,658.00	778,658.00	634,244.29	144,413.71
Total unallocated benefits	\$18,235,278.00	\$27,454.00	\$18,262,732.00	17,263,923.57	998,808.43
On-behalf TPAF post retirement medical (non budgeted)				2,829,270.00	(2,829,270.00)
On-behalf TPAF non-contributory insurance (non-budgeted)				134,288.00	(134,288.00)
On-behalf TPAF pension contribution (non-budgeted)				7,492,153.00	(7,492,153.00)
On-behalf TPAF long-term disability insurance (non-budgeted)				6,898.00	(6,898.00)
Reimbursed TPAF social security contributions (non-budgeted)				2,873,686.93	(2,873,686.93)
				\$13,336,295.93	(\$13,336,295.93)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Total undistributed expenditures	\$50,603,849.11	\$347,533.46	\$50,951,382.57	\$59,899,208.27	(\$8,947,825.70)
Interest earned on current expense emergency reserve	75.00		75.00		75.00
TOTAL EXPENDITURES - CURRENT EXPENSE	89,582,728.81	(146,242.10)	89,436,486.71	96,699,659.02	(7,263,172.31)
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	250.00		250.00		250.00
Equipment:					
Undistributed equipment - Required maintenance for school facility		4,160.52	4,160.52	4,160.52	
Undistributed expenditures - Care and upkeep of grounds	5,690.00	80,309.00	85,999.00	85,999.00	
Undistributed expenditures - Student transportation - non inst. equipment		7,070.00	7,070.00	7,070.00	
Grades 1-5		4,080.00	4,080.00	4,078.47	1.53
Grades 6-8		2,250.00	2,250.00	2,249.00	1.00
Grades 9-12		8,462.58	8,462.58	8,462.58	
Total equipment	5,690.00	106,332.10	112,022.10	112,019.57	2.53
Facilities acquisition and construction services					
Construction services	1,085,000.00		1,085,000.00	210,919.64	874,080.36
Assessment for debt service on SDA funding	158,855.00		158,855.00	158,855.00	
Assets Acquired Under Capital Leases (non-budgeted)				772,423.55	(772,423.55)
Total facilities acquisition and const. serv.	1,243,855.00		1,243,855.00	1,142,198.19	101,656.81
TOTAL CAPITAL OUTLAY:	1,249,795.00	106,332.10	1,356,127.10	1,254,217.76	101,909.34
CHARTER SCHOOLS:					
Transfer of funds to charter schools	44,763.00	\$39,910.00	84,673.00	84,673.00	
GENERAL FUND GRAND TOTAL	90,877,286.81		90,877,286.81	98,038,549.78	(7,161,262.97)
Excess (deficiency) of revenues over (under) expenditures	(\$5,680,647.81)		(\$5,680,647.81)	\$748,616.54	\$6,429,264.35

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other financing sources (uses):					
Lease Purchase (Non-Budgeted)				\$772,423.55	\$772,423.55
Total other financing sources (uses)				772,423.55	772,423.55
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(\$5,680,647.81)		(\$5,680,647.81)	1,521,040.09	7,201,687.90
Fund balances, July 1	13,642,235.42		13,642,235.42	13,642,235.42	
Fund balances, June 30	\$7,961,587.61	\$-0-	\$7,961,587.61	\$15,163,275.51	\$7,201,687.90
Recapitulation:					
Assigned - year-end encumbrances				\$139,859.73	
Restricted - capital reserve				3,897,747.42	
Restricted - maintenance reserve				1,000,000.00	
Restricted - emergency reserve				319,780.73	
Restricted - excess surplus - designated for subsequent year's expenditures				2,934,014.00	
Restricted - excess surplus - current year				3,605,016.02	
Assigned - designated for subsequent year's expenditures				698,800.00	
Unassigned fund balance				2,568,057.61	
				\$15,163,275.51	
Reconciliation to Government Fund Statements				(472,922.00)	
Last Federal and State aid payments not recognized on GAAP basis				\$14,690,353.51	
Fund Balance per Governmental Funds (GAAP)					

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$91,536.00	\$2,056.00	\$93,592.00	\$68,480.00	(\$25,112.00)
Federal sources	1,072,035.00	332,683.00	1,404,718.00	1,180,332.12	(224,385.88)
Other sources		76,716.80	76,716.80	50,606.75	(26,110.05)
Total revenues	\$1,163,571.00	\$411,455.80	\$1,575,026.80	\$1,299,418.87	(\$275,607.93)
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$19,371.00	\$159,780.00	\$179,151.00	\$161,624.26	\$17,526.74
Purchased professional & technical services	45,240.00	4,060.04	49,300.04	24,658.00	24,642.04
Tuition	676,487.00	135,301.00	811,788.00	811,788.00	
General supplies	307,106.00	(96,113.81)	210,992.19	110,125.38	100,866.81
Textbooks	10,092.00	(340.00)	9,752.00	9,752.00	
Other objects		50.00	50.00		50.00
Total instruction	1,058,296.00	202,737.23	1,261,033.23	1,117,947.64	143,085.59
Support services:					
Other salaries	32,436.00	39,422.50	39,422.50	16,199.69	23,222.81
Purchased professional & technical services		132,402.42	164,838.42	85,935.00	78,903.42
Purchased professional & educational services		5,561.00	5,561.00	420.00	5,141.00
Personal services - employee benefits	1,481.00	21,242.28	22,723.28	13,485.58	9,237.70
Other purchased services	71,358.00	(2,545.00)	68,813.00	56,388.84	12,424.16
Supplies and materials		10,275.63	10,275.63	6,682.38	3,593.25
Total support services	105,275.00	206,358.83	311,633.83	179,111.49	132,522.34
Facilities acquisition & construction services:					
Equipment		2,359.74	2,359.74	2,359.74	
Total expenditures	\$1,163,571.00	\$411,455.80	\$1,575,026.80	\$1,299,418.87	\$275,607.93

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$98,787,166.32	\$1,299,418.87
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(46,906.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	429,211.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(472,922.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$98,743,455.32</u>	<u>\$1,252,512.87</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	<u>\$98,038,549.78</u>	<u>\$1,299,418.87</u>
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		<u>(46,906.00)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$98,038,549.78</u>	<u>\$1,252,512.87</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				of the Net Pension Liability (Asset) as a Percentage of It's Covered-Employee Payroll	of the Net Pension Liability (Asset) as a Percentage of the Total Pension Liability	
2013	0.1075183757%	\$ 20,548,898	7,531,562.00	272.84%		48.72%
2014	0.1114806015%	20,872,218	7,725,867.00	270.16%		52.08%
2015	0.1142764517%	25,652,773	8,083,793.00	317.34%		47.92%
2016	0.1232733687%	36,510,036	8,477,608.00	430.66%		40.14%
2017	0.1218354149%	28,361,337	8,331,825.00	340.40%		44.10%
2018	0.1210735800%	23,838,784	8,260,521.00	288.59%		53.60%
2019	0.1243288004%	22,402,164	8,866,797.00	252.65%		56.27%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 919,030	\$ 919,030	\$ -0-	7,725,867.00	11.90%
2015	982,471	982,471	-0-	8,083,793.00	12.15%
2016	1,095,143	1,095,143	-0-	8,477,608.00	12.92%
2017	1,128,675	1,128,675	-0-	8,331,825.00	13.55%
2018	1,204,291	1,204,291	-0-	8,260,521.00	14.58%
2019	1,209,353	1,209,353	-0-	8,866,797.00	13.64%
2020	1,373,354	1,373,354	-0-	9,228,470.00	14.88%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST SEVEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability associated with the District	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.3270521648%	\$ -0-	\$ 165,289,592.00	\$ -0-	32,315,945.00	-0-	511.48%	33.76%
2014	0.3306079318%	-0-	176,699,179.00	-0-	32,649,115.00	-0-	541.21%	33.64%
2015	0.3289919692%	-0-	207,936,973.00	-0-	32,824,471.00	-0-	633.48%	28.71%
2016	0.3286443249%	-0-	258,532,551.00	-0-	33,691,031.00	-0-	767.36%	22.33%
2017	0.3287868926%	-0-	221,679,979.00	-0-	35,898,849.00	-0-	617.51%	25.41%
2018	0.3335417860%	-0-	212,192,120.00	-0-	36,460,290.00	-0-	581.98%	26.49%
2019	0.3424855045%	-0-	210,186,587.00	-0-	39,484,559.00	-0-	532.33%	26.95%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE YEARS

	Measurement Date Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District			
Balance at 6/30	\$120,981,415	\$140,725,316	\$151,402,507
Changes for the year:			
Service cost	5,654,823	6,245,978	7,528,604
Interest	4,837,110	5,206,159	4,485,113
Changes of benefit terms			
Differences between expected and actual experience	(18,214,407)	(14,189,622)	
Changes in assumptions or other inputs	1,663,946	(13,883,223)	(19,551,434)
Membership Contributions	101,549	111,807	120,023
Benefit payments - Net	(3,425,747)	(3,235,000)	(3,259,497)
Net changes	<u>(9,382,726)</u>	<u>(19,743,901)</u>	<u>(10,677,191)</u>
Balance at 6/30	<u>\$111,598,689</u>	<u>\$120,981,415</u>	<u>\$140,725,316</u>
Covered Employee Payroll	48,351,356	44,720,811	44,230,674
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	230.81%	270.53%	318.16%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.87% to 3.50% as of
June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Basic	IDEA Preschool	Title I	Title II Part A	Title III	Nonpublic Textbooks	Nonpublic Technology
REVENUES:							
State sources	\$ 811,788.00	\$ 25,007.16	\$ 198,704.84	\$ 133,357.97	\$ 11,474.15	\$ 9,752.00	\$ 5,580.00
Federal sources							
Other sources							
Total revenues	\$ 811,788.00	\$ 25,007.16	\$ 198,704.84	\$ 133,357.97	\$ 11,474.15	\$ 9,752.00	\$ 5,580.00
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ 23,239.00	\$ 138,385.26	\$	\$	\$	\$	\$
Purchased professional and technical services							
Tuition	811,788.00		46,346.41		6,546.42	9,752.00	5,580.00
General supplies							
Textbooks							
Total instruction	\$ 811,788.00	\$ 23,239.00	\$ 184,731.67	\$	\$ 6,546.42	\$ 9,752.00	\$ 5,580.00
Other salaries	\$	\$	\$	\$ 11,607.69	\$ 4,592.00	\$	\$
Purchased professional and technical services			2,695.00	83,240.00			
Purchased professional educational services							
Personal services - employee benefits	1,788.16		10,586.63	865.06	265.73		
Other purchased services			691.54	31,484.87			
Supplies and materials				6,160.35	70.00		
Total support services	\$ 1,788.16	\$	\$ 13,973.17	\$ 133,357.97	\$ 4,927.73	\$	\$
Facilities acquisition and construction services:							
Instructional Equipment	\$	\$	\$	\$	\$	\$	\$
Total facilities acquisition and construction services:	\$	\$	\$	\$	\$	\$	\$
Total expenditures	\$ 811,788.00	\$ 25,007.16	\$ 198,704.84	\$ 133,357.97	\$ 11,474.15	\$ 9,752.00	\$ 5,580.00

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonpublic Security	Nonpublic Nursing	Ch. 192 E.S.L.	Ch. 193 Examination & Classification	Ch. 193 Corrective Speech	Ch. 193 Supplemental Instruction	Other Local Programs	TOTAL 2020
REVENUES:								
State sources	\$ 28,490.00	\$ 17,143.00	\$ 83.00	\$ 5,388.00	\$ 182.00	\$ 1,862.00	\$	\$ 68,480.00
Federal sources								1,180,332.12
Other sources							50,606.75	50,606.75
Total revenues	\$ 28,490.00	\$ 17,143.00	\$ 83.00	\$ 5,388.00	\$ 182.00	\$ 1,862.00	\$ 50,606.75	\$ 1,299,418.87
EXPENDITURES:								
Instruction:								
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$	\$ 161,624.26
Purchased professional & technical services		17,143.00	83.00	5,388.00	182.00	1,862.00		24,658.00
Tuition								811,788.00
General supplies	28,490.00						23,162.55	110,125.38
Textbooks								9,752.00
Total instruction	\$ 28,490.00	\$ 17,143.00	\$ 83.00	\$ 5,388.00	\$ 182.00	\$ 1,862.00	\$ 23,162.55	\$ 1,117,947.64
Other salaries	\$	\$	\$	\$	\$	\$	\$	\$ 16,199.69
Purchased professional and technical services								85,935.00
Purchased professional educational services							420.00	420.00
Personal services - employee benefits								13,485.58
Other purchased services							24,212.43	56,388.84
Supplies and materials							452.03	6,662.38
Total support services	\$	\$	\$	\$	\$	\$	\$ 25,084.46	\$ 179,111.49
Facilities acquisition & construction services:								
Instructional Equipment	\$	\$	\$	\$	\$	\$	\$ 2,359.74	\$ 2,359.74
Total facilities acquisition & construction services	\$	\$	\$	\$	\$	\$	\$ 2,359.74	\$ 2,359.74
Total expenditures	\$ 28,490.00	\$ 17,143.00	\$ 83.00	\$ 5,388.00	\$ 182.00	\$ 1,862.00	\$ 50,606.75	\$ 1,299,418.87

CAPITAL PROJECTS FUND DETAIL STATEMENTS

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>REVISED AUTHORIZED COST</u>	<u>EXPENDITURES TO DATE</u>	<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEAR(S)</u>	<u>CURRENT YEAR</u>	<u>JUNE 30, 2020</u>
High School Improvements	2016	\$ 1,670,787.65	\$ 1,670,787.65	\$ 58,735.02
Upper Middle School Improvements	2016	6,181,601.70	5,444,671.55	781,651.25
Lower Middle School Improvements	2016	3,960,552.66	3,954,660.36	42,517.16
Orchard Hill Elementary School Improvements I	2016	3,123,993.31	3,071,343.62	100,278.85
Orchard Hill Elementary School Improvements II	2016	1,359,005.94	1,329,016.82	39,982.39
Village Elementary School Improvements	2016	<u>2,794,953.87</u>	<u>2,427,208.98</u>	<u>60,312.46</u>
		<u>\$ 19,090,895.13</u>	<u>\$ 17,897,688.98</u>	<u>\$ 1,083,477.13</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Revenues and financing sources:</u>	
Interest on Investments	\$ 108,743.55
Other Sources	338,895.13
	<hr/>
Total revenues and financing sources	\$ 447,638.68
<u>Expenditures and financing uses:</u>	
Purchased professional and technical services	\$ (62,339.45)
Construction services	172,068.47
Operating Transfers Out-Debt Service Fund	108,743.55
	<hr/>
Total expenditures and Transfers	\$ 218,472.57
Excess (deficiency) of revenues over (under) expenditures	\$ 229,166.11
	<hr/>
Net change in fund balances	\$ 229,166.11
Fund balance - beginning - budgetary basis	854,311.02
	<hr/>
Fund balance - ending - budgetary basis	\$ 1,083,477.13
	<hr/> <hr/>
<u>Reconciliation to GAAP Basis:</u>	
Fund balance - budgetary basis	\$ 1,083,477.13
SDA grant - unearned revenue	
Add: Encumbrances	302,442.42
	<hr/>
Fund balance - GAAP basis (exhibit B-1)	\$ 1,385,919.55
	<hr/> <hr/>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,670,787.65	\$	\$ 1,670,787.65	\$ 1,670,787.65
Total revenues	\$ 1,670,787.65	\$	\$ 1,670,787.65	\$ 1,670,787.65
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 109,326.15	\$ (5,907.02)	\$ 103,419.13	\$ 109,326.15
Construction services	1,561,461.50	(52,828.00)	1,508,633.50	1,561,461.50
Total expenditures	\$ 1,670,787.65	\$ (58,735.02)	\$ 1,612,052.63	\$ 1,670,787.65
Excess (deficiency) or revenues over (under) expenditures	\$	\$ 58,735.02	\$ 58,735.02	
Additional project information:				
Project Number	3320-030-15-2000			
Grant Date				
Bond Authorization Date	5/3/2016			
Bonds Authorized	1,044,475.00			
Bonds Issued	1,044,475.00			
SCC Amount				
Local Share				
Original Authorized Cost	1,044,475.00			
Additional Authorized Cost	626,312.65			
Revised Authorized Cost	1,670,787.65			
Percentage Increase over Original Authorized Cost	59.96%			
Percentage completion	96%			
Original target completion date	9/1/2017			
Revised target completion date	6/30/2019			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
UPPER MIDDLE SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 5,592,706.57	\$ *	\$ 5,592,706.57	\$ 5,592,706.57
Other Sources		338,895.13	338,895.13	338,895.13
Capital Outlay Transfer	250,000.00		250,000.00	250,000.00
Total revenues	<u>\$ 5,842,706.57</u>	<u>\$ 338,895.13</u>	<u>\$ 6,181,601.70</u>	<u>\$ 6,181,601.70</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 414,162.63	\$ (20,529.57)	\$ 393,633.06	\$ 476,189.68
Construction services	4,815,150.59	(24,191.53)	4,790,959.06	5,151,157.89
Equipment	215,358.33		215,358.33	215,359.00
Total expenditures	<u>\$ 5,444,671.55</u>	<u>\$ (44,721.10)</u>	<u>\$ 5,399,950.45</u>	<u>\$ 5,842,706.57</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 398,035.02</u>	<u>\$ 383,616.23</u>	<u>781,651.25</u>	
Additional project information:				
Project Number	3320-070-15-1000			
Grant Date				
Bond Authorization Date	5/3/2016			
Bonds Authorized	4,073,080.00			
Bonds Issued	4,073,080.00			
SCC Amount				
Local Share				
Original Authorized Cost	4,073,080.00			
Additional Authorized Cost	2,108,521.70			
Revised Authorized Cost	6,181,601.70			
Percentage Increase over Original Authorized Cost	51.77%			
Percentage completion	92%			
Original target completion date	9/1/2017			
Revised target completion date	11/15/2019			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
LOWER MIDDLE SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 4,160,552.66	\$ (200,000.00) *	\$ 3,960,552.66	\$ 3,960,552.66
Total revenues	<u>\$ 4,160,552.66</u>	<u>\$ (200,000.00)</u>	<u>\$ 3,960,552.66</u>	<u>\$ 3,960,552.66</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 448,613.30	\$ (21,624.86)	\$ 426,988.44	\$ 457,644.16
Construction services	3,506,047.06	(15,000.00)	3,491,047.06	3,502,908.50
Total expenditures	<u>\$ 3,954,660.36</u>	<u>\$ (36,624.86)</u>	<u>\$ 3,918,035.50</u>	<u>\$ 3,960,552.66</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 205,892.30</u>	<u>\$ (163,375.14)</u>	<u>\$ 42,517.16</u>	
Additional project information:				
Project Number	3320-045-15-1000			
Grant Date				
Bond Authorization Date	5/3/2016			
Bonds Authorized	5,226,029.00			
Bonds Issued	5,226,029.00			
SCC Amount				
Local Share				
Original Authorized Cost	5,226,029.00			
Additional Authorized Cost	(1,265,476.34)			
Revised Authorized Cost	3,960,552.66			
Percentage Increase over Original Authorized Cost	(24.21%)			
Percentage completion	99%			
Original target completion date	9/1/2017			
Revised target completion date	9/1/2019			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
ORCHARD HILL ELEMENTARY SCHOOL IMPROVEMENTS I
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year *</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 3,123,993.31	\$ *	\$ 3,123,993.31	\$ 3,123,993.31
Total revenues	<u>\$ 3,123,993.31</u>	<u>\$</u>	<u>\$ 3,123,993.31</u>	<u>\$ 3,123,993.31</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 202,888.79	\$ (13,807.16)	\$ 189,081.63	\$ 204,142.65
Construction services	2,868,454.83	(33,822.00)	2,834,632.83	2,919,850.66
Total expenditures	<u>\$ 3,071,343.62</u>	<u>\$ (47,629.16)</u>	<u>\$ 3,023,714.46</u>	<u>\$ 3,123,993.31</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 52,649.69</u>	<u>\$ 47,629.16</u>	<u>\$ 100,278.85</u>	

Additional project information:

Project Number	3320-080-15-1000
Grant Date	
Bond Authorization Date	5/3/2016
Bonds Authorized	2,256,480.00
Bonds Issued	2,256,480.00
SCC Amount	
Local Share	
Original Authorized Cost	2,256,480.00
Additional Authorized Cost	867,513.31
Revised Authorized Cost	3,123,993.31
Percentage Increase over Original Authorized Cost	38.45%
Percentage completion	97%
Original target completion date	9/1/2017
Revised target completion date	9/1/2019

* Include transfers between projects

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
ORCHARD HILL ELEMENTARY SCHOOL IMPROVEMENTS II
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year *</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,459,005.94	\$ (100,000.00) *	\$ 1,359,005.94	\$ 1,359,005.94
Total revenues	<u>\$ 1,459,005.94</u>	<u>\$ (100,000.00)</u>	<u>\$ 1,359,005.94</u>	<u>\$ 1,359,005.94</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 380,323.74	\$ (9,993.27)	\$ 370,330.47	\$ 381,577.60
Construction services	948,693.08		948,693.08	977,428.34
Total expenditures	<u>\$ 1,329,016.82</u>	<u>\$ (9,993.27)</u>	<u>\$ 1,319,023.55</u>	<u>\$ 1,359,005.94</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 129,989.12</u>	<u>\$ (90,006.73)</u>	<u>\$ 39,982.39</u>	

Additional project information:

Project Number	3320-080-16-1000
Grant Date	
Bond Authorization Date	5/3/2016
Bonds Authorized	3,228,750.00
Bonds Issued	3,228,750.00
SCC Amount	
Local Share	
Original Authorized Cost	3,228,750.00
Additional Authorized Cost	(1,869,744.06)
Revised Authorized Cost	1,359,005.94
Percentage Increase over Original Authorized Cost	(57.91%)
Percentage completion	97%
Original target completion date	9/1/2017
Revised target completion date	9/1/2019

* Includes transfers between projects

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VILLAGE ELEMENTARY SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 2,494,953.87	\$ 300,000.00 *	\$ 2,794,953.87	\$ 2,794,953.87
Total revenues	<u>\$ 2,494,953.87</u>	<u>\$ 300,000.00</u>	<u>\$ 2,794,953.87</u>	<u>\$ 2,794,953.87</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 303,810.05	\$ 9,522.43	\$ 313,332.48	\$ 315,063.90
Construction services	2,123,398.93	297,910.00	2,421,308.93	2,447,631.97
Equipment				32,258.00
Total expenditures	<u>\$ 2,427,208.98</u>	<u>\$ 307,432.43</u>	<u>\$ 2,734,641.41</u>	<u>\$ 2,794,953.87</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 67,744.89</u>	<u>\$ (7,432.43)</u>	<u>\$ 60,312.46</u>	
Additional project information:				
Project Number	3320-105-15-1000			
Grant Date				
Bond Authorization Date	5/3/2016			
Bonds Authorized	2,673,186.00			
Bonds Issued	2,673,186.00			
SCC Amount				
Local Share				
Original Authorized Cost	2,673,186.00			
Additional Authorized Cost	121,767.87			
Revised Authorized Cost	2,794,953.87			
Percentage Increase over Original Authorized Cost	4.56%			
Percentage completion	98%			
Original target completion date	9/1/2017			
Revised target completion date	9/1/2019			

* Includes transfers between projects

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services in all schools within the school district.

Summer Enrichment Fund: This fund provides for the operation of a summer enrichment program.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	<u>TOTAL</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 25,897.85	\$ 298,612.48	\$ 324,510.33
Accounts receivable:			
State	166.70		166.70
Federal	16,136.26		16,136.26
Other	16,611.34		
Prepaid expenses		30,543.90	30,543.90
Inventories	<u>70,820.24</u>		<u>70,820.24</u>
Total current assets	<u>\$ 129,632.39</u>	<u>\$ 329,156.38</u>	<u>\$ 442,177.43</u>
Noncurrent assets:			
Furniture, machinery and equipment	\$ 1,297,162.21	\$	\$ 1,297,162.21
Less accumulated depreciation	<u>(1,001,684.51)</u>		<u>(1,001,684.51)</u>
Total noncurrent assets	<u>\$ 295,477.70</u>	<u>\$</u>	<u>\$ 295,477.70</u>
Total assets	<u><u>\$ 425,110.09</u></u>	<u><u>\$ 329,156.38</u></u>	<u><u>\$ 737,655.13</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 13,494.35	\$	\$ 13,494.35
Unearned revenue	<u>113,848.42</u>	<u>189,500.00</u>	<u>303,348.42</u>
Total current liabilities	<u>\$ 127,342.77</u>	<u>\$ 189,500.00</u>	<u>\$ 316,842.77</u>
Total liabilities	<u>\$ 127,342.77</u>	<u>\$ 189,500.00</u>	<u>\$ 316,842.77</u>
NET POSITION			
Net investment in capital assets	\$ 295,477.70	\$	\$ 295,477.70
Unrestricted	<u>2,289.62</u>	<u>139,656.38</u>	<u>141,946.00</u>
Total net position	<u><u>\$ 297,767.32</u></u>	<u><u>\$ 139,656.38</u></u>	<u><u>\$ 437,423.70</u></u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>FOOD SERVICE</u> <u>SCHOOL NUTRITION</u>	<u>SUMMER</u> <u>ENRICHMENT</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services:			
Daily sales - reimbursable programs	\$ 202,051.93	\$	\$ 202,051.93
Daily sales - non-reimbursable programs	908,906.45		908,906.45
Miscellaneous	23,814.16		23,814.16
Other fees		260,314.32	260,314.32
	<hr/>	<hr/>	<hr/>
Total operating revenues	\$ 1,134,772.54	\$ 260,314.32	\$ 1,395,086.86
OPERATING EXPENSES:			
Cost of sales - reimbursable programs	\$ 299,928.58	\$	\$ 299,928.58
Cost of sales - non-reimbursable programs	226,895.31		226,895.31
Salaries	442,001.16	184,388.70	626,389.86
Employee benefits	137,385.42	14,105.76	151,491.18
Other purchased services	82,620.00		82,620.00
Supplies and materials	96,043.64	1,860.70	97,904.34
Cleaning, repair and maintenance services	94,194.94		94,194.94
Depreciation	75,509.59		75,509.59
	<hr/>	<hr/>	<hr/>
Total operating expenses	\$ 1,454,578.64	\$ 200,355.16	\$ 1,654,933.80
Operating income (loss)	\$ (319,806.10)	\$ 59,959.16	\$ (259,846.94)
NONOPERATING REVENUES (EXPENSES):			
State sources			
State school lunch program	\$ 4,637.11	\$	\$ 4,637.11
Federal sources			
National school lunch program	71,986.61		71,986.61
National school lunch program - HHFKA	6,394.22		6,394.22
National food distribution commodities	36,630.43		36,630.43
Interest	673.62	1,254.43	1,928.05
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	\$ 120,321.99	\$ 1,254.43	\$ 121,576.42
Net Income (Loss)	\$ (199,484.11)	\$ 61,213.59	\$ (138,270.52)
Total net position - beginning	497,251.43	\$ 78,442.79	575,694.22
	<hr/>	<hr/>	<hr/>
Total net position - ending	\$ 297,767.32	\$ 139,656.38	\$ 437,423.70
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,136,882.82	\$ 196,364.30	\$ 1,333,247.12
Payments to employees	(438,557.41)	(187,428.70)	(625,986.11)
Payments for employee benefits	(137,385.42)	(14,338.32)	(151,723.74)
Payment to suppliers	(802,957.69)	(1,860.70)	(804,818.39)
Net cash provided (used for) by operating activities	<u>\$ (242,017.70)</u>	<u>\$ (7,263.42)</u>	<u>\$ (249,281.12)</u>
Cash flows from noncapital financing activities:			
State Sources	\$ 5,014.08	\$	\$ 5,014.08
Federal Sources	104,963.97	_____	104,963.97
Net cash provided by (used for) noncapital financing activities	<u>\$ 109,978.05</u>	<u>\$ _____</u>	<u>\$ 109,978.05</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	\$ (15,996.43)	\$ _____	\$ (15,996.43)
Net cash used for capital and related financing activities	<u>\$ (15,996.43)</u>	<u>\$ _____</u>	<u>\$ (15,996.43)</u>
Cash flows from investing activities			
Interest and dividends	\$ 673.62	\$ 1,254.43	\$ 1,928.05
Net cash used for capital and related financing activities	<u>\$ 673.62</u>	<u>\$ 1,254.43</u>	<u>\$ 1,928.05</u>
Net increase (decrease) in cash and cash equivalents	\$ (147,362.46)	\$ (6,008.99)	\$ (137,375.02)
Cash and cash equivalents - July 1	173,260.31	\$ 304,621.47	477,881.78
Cash and cash equivalents - June 30	<u>\$ 25,897.85</u>	<u>\$ 298,612.48</u>	<u>\$ 324,510.33</u>
Operating income (loss)	\$ (319,806.10)	\$ 59,959.16	\$ (259,846.94)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	75,509.59		75,509.59
Change in assets and liabilities:			
(Increase) Decrease in inventory	(18,522.24)		(18,522.24)
(Increase) Decrease in other accounts receivable	(3,210.50)		(3,210.50)
Increase (Decrease) in accounts payable	(6,037.18)		(6,037.18)
(Increase) Decrease in prepaid expenses		(3,272.56)	(3,272.56)
Increase (Decrease) in unearned revenue	30,048.73	(63,950.02)	(33,901.29)
Net cash provided (used) by operating activities	<u>\$ (242,017.70)</u>	<u>\$ (7,263.42)</u>	<u>\$ (249,281.12)</u>

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

Unemployment Compensation

Insurance Trust Fund:

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

Scholarship Trust Fund:

This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.

Student Activity Fund:

This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund:

This agency fund is used to account for the payroll transactions of the school district

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 COMBINING STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2020

	AGENCY FUNDS		TOTAL	SCHOLARSHIP	VISION	STATE	TOTALS
STUDENT	PAYROLL	AGENCY	AGENCY	FUNDS	FUND	UNEMPLOYMENT	TOTALS
ACTIVITY	AGENCY	AGENCY	AGENCY	FUNDS	FUND	INSURANCE	TOTALS
ASSETS							
Cash and cash equivalents	\$ 509,159.53	\$ 1,297,275.36	\$ 1,806,434.89	\$ 33,030.79	\$ 4,001.47	\$ 730,588.31	\$ 2,574,055.46
Due from Other Funds	1,165,744.24	1,165,744.24	1,165,744.24				1,165,744.24
Total assets	\$ 509,159.53	\$ 2,463,019.60	\$ 2,972,179.13	\$ 33,030.79	\$ 4,001.47	\$ 730,588.31	\$ 3,739,799.70
LIABILITIES							
Net Salary payable	\$ 2,341,938.66	\$ 2,341,938.66	\$ 2,341,938.66	\$	\$	\$	\$ 2,341,938.66
Payroll deductions and withholdings	101,080.94	101,080.94	101,080.94				101,080.94
Due to student groups	509,159.53	509,159.53	509,159.53				509,159.53
Due to other funds	20,000.00	20,000.00	20,000.00				20,000.00
Total liabilities	\$ 509,159.53	\$ 2,463,019.60	\$ 2,972,179.13	\$	\$	\$	\$ 2,972,179.13
NET POSITION							
Reserve for state unemployment	\$	\$	\$	\$	\$ 4,001.47	\$ 730,588.31	\$ 730,588.31
Reserve for vision				33,030.79			4,001.47
Reserve for scholarship awards							33,030.79
Total net position	\$ -0-	\$ -0-	\$ -0-	\$ 33,030.79	\$ 4,001.47	\$ 730,588.31	\$ 767,620.57

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>SCHOLARSHIP FUNDS</u>	<u>VISION FUND</u>	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>TOTAL</u>
ADDITIONS:				
Contributions:				
Employee contributions	\$	\$	\$ 169,031.81	\$ 169,031.81
Board contributions		45,000.00		45,000.00
Other	1,030.00			
Total contributions	<u>\$ 1,030.00</u>	<u>\$ 45,000.00</u>	<u>\$ 169,031.81</u>	<u>\$ 214,031.81</u>
Investment earnings:				
Interest	\$ 17.69	\$	\$ 5,125.69	\$ 5,125.69
Net investment earnings	<u>\$ 17.69</u>	<u>\$</u>	<u>\$ 5,125.69</u>	<u>\$ 5,125.69</u>
Total additions	<u>\$ 1,047.69</u>	<u>\$ 45,000.00</u>	<u>\$ 174,157.50</u>	<u>\$ 219,157.50</u>
DEDUCTIONS:				
Unemployment claims	\$	\$	\$ 123,871.90	\$ 123,871.90
Claims		49,900.93		49,900.93
Awards	6,175.99			
Total deductions	<u>\$ 6,175.99</u>	<u>\$ 49,900.93</u>	<u>\$ 123,871.90</u>	<u>\$ 173,772.83</u>
Change in net position	<u>\$ (5,128.30)</u>	<u>\$ (4,900.93)</u>	<u>\$ 50,285.60</u>	<u>\$ 45,384.67</u>
Net position beginning of year	<u>\$ 38,159.09</u>	<u>\$ 8,902.40</u>	<u>\$ 680,302.71</u>	<u>\$ 689,205.11</u>
Net position end of year	<u><u>\$ 33,030.79</u></u>	<u><u>\$ 4,001.47</u></u>	<u><u>\$ 730,588.31</u></u>	<u><u>\$ 734,589.78</u></u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ 653,059.39	\$ 1,790,936.74	\$ 1,934,836.60	\$ 509,159.53
Total assets	<u>\$ 653,059.39</u>	<u>\$ 1,790,936.74</u>	<u>\$ 1,934,836.60</u>	<u>\$ 509,159.53</u>
LIABILITIES:				
Due student groups:				
High school activities	\$ 476,612.17	\$ 1,446,006.52	\$ 1,632,780.97	\$ 289,837.72
Upper middle activities	54,841.81	212,296.81	168,180.88	98,957.74
Lower middle activities	57,638.16	40,187.47	34,361.34	63,464.29
Village elementary activities	54,826.77	13,073.47	23,655.63	44,244.61
Orchard hill elementary activities	9,130.48	4,343.47	818.78	12,655.17
Athletic activities	10.00	75,029.00	75,039.00	
Total liabilities	<u>\$ 653,059.39</u>	<u>\$ 1,790,936.74</u>	<u>\$ 1,934,836.60</u>	<u>\$ 509,159.53</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ 2,263,068.49	\$ 31,502,868.93	\$ 32,468,662.06	\$ 1,297,275.36
Due from other funds	<u>2,157.05</u>	<u>1,163,587.19</u>	<u> </u>	<u>1,165,744.24</u>
Total assets	\$ <u>2,265,225.54</u>	\$ <u>32,666,456.12</u>	\$ <u>32,468,662.06</u>	\$ <u>2,463,019.60</u>
LIABILITIES:				
Net Salary Payable	\$ 2,160,161.81	\$ 3,497,665.05	\$ 3,315,888.20	\$ 2,341,938.66
Payroll deductions and withholdings	85,063.73	29,168,791.07	29,152,773.86	101,080.94
Due to other funds	<u>20,000.00</u>	<u> </u>	<u> </u>	<u>20,000.00</u>
Total liabilities	\$ <u>2,265,225.54</u>	\$ <u>32,666,456.12</u>	\$ <u>32,468,662.06</u>	\$ <u>2,463,019.60</u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2019	RETIRED	BALANCE JUNE 30, 2020
			DATE	AMOUNT				
School Bonds 2010	2/28/2010	\$ 14,125,000.00	09/01/20	\$ 1,115,000.00	3.000%			
			09/01/21	1,165,000.00	3.000%			
			09/01/22	1,220,000.00	3.100%			
			09/01/23	1,270,000.00	3.200%			
			09/01/24	1,330,000.00	3.300%	\$ 7,165,000.00	\$ 1,065,000.00	\$ 6,100,000.00
Refunding School Bonds 2011	5/10/2011	17,215,000.00	08/01/20	1,175,000.00	5.000%			
			08/01/21	1,170,000.00	5.000%			
			08/01/22	1,155,000.00	5.000%			
			08/01/23	1,145,000.00	5.000%			
			08/01/24	1,130,000.00	5.000%			
School Bonds 2016	05/03/16	18,502,000.00	04/15/21	1,100,000.00	2.000%			
			04/15/22	1,150,000.00	2.000%			
			04/15/23	1,200,000.00	2.000%			
			04/15/24	1,200,000.00	2.000%			
			04/15/25	1,600,000.00	2.000%			
			04/15/26	1,500,000.00	2.000%			
			04/15/27	1,500,000.00	2.000%			
			04/15/28	1,500,000.00	2.000%			
			04/15/29	1,500,000.00	2.000%			
			04/15/30	1,500,000.00	2.125%			
			04/15/31	1,502,000.00	2.375%	16,302,000.00	1,050,000.00	15,252,000.00
Refunding School Bonds 2017	11/22/16	33,695,000.00	04/01/21	1,955,000.00	5.000%			
			04/01/22	2,055,000.00	5.000%			
			04/01/23	2,165,000.00	5.000%			
			04/01/24	2,280,000.00	5.000%			
			04/01/25	2,395,000.00	5.000%			
			04/01/26	2,525,000.00	5.000%			
			04/01/27	2,650,000.00	5.000%			
			04/01/28	2,795,000.00	4.000%			
			04/01/29	2,910,000.00	4.000%			
			04/01/30	3,040,000.00	4.000%			
		04/01/31	3,170,000.00	4.000%	29,795,000.00	1,855,000.00	27,940,000.00	
						\$ 61,332,000.00	\$ 5,155,000.00	\$ 56,177,000.00

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	INTEREST PAYABLE	INTEREST RATE	BALANCE JULY 1, 2019	ISSUED	RETIRED	BALANCE JUNE 30, 2020
Additions and Renovations to the North Princeton Developmental Center and Improve a Portion of the High School Roof	10/01/98	25	\$ 8,960,000.00	\$ 2,762,351.60	3.81%	\$ 3,510,000.00	\$	\$ 750,275.93	\$ 2,759,724.07
Land and Buildings	11/23/98	25	1,445,000.00	----	----	231,200.00		57,800.00	173,400.00
School Buses and Equipment	8/1/2014	5	226,000.00	10,993.48	2.33%	46,338.81		46,338.81	
School Buses and Equipment	8/15/2016	5	556,295.00	21,435.70	1.93%	224,580.13		111,218.48	113,361.65
School Buses and Equipment	9/22/2017	5	754,567.00	26,484.04	1.84%	437,997.56		143,300.82	294,696.74
IT Equipment	6/29/2018	4	309,483.88	14,482.93	2.85%	228,751.41		71,744.11	157,007.30
School Buses	6/29/2018	5	561,738.33	38,455.56	2.94%	433,949.34		65,574.81	368,374.53
School Buses	8/9/2019	4	772,423.55	35,541.40	2.13%		772,423.55	159,720.66	612,702.89
						\$ 5,112,817.25	\$ 772,423.55	\$ 1,405,973.62	\$ 4,479,267.18

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 7,555,883.00	\$ 7,555,883.00	\$ 7,555,883.00	\$
State sources:				
Debt service aid type II	<u>703,202.00</u>	<u>703,202.00</u>	<u>703,202.00</u>	
Total revenues	\$ <u>8,259,085.00</u>	\$ <u>8,259,085.00</u>	\$ <u>8,259,085.00</u>	\$
EXPENDITURES:				
Regular debt service:				
Principal payment - lease purchase agreements	\$ 697,800.00	\$ 697,800.00	\$ 697,800.00	\$
Interest payments - lease purchase agreements	121,539.00	121,539.00	99,009.50	22,529.50
Interest on bonds	2,284,748.00	2,284,748.00	2,284,747.50	0.50
Redemption of bond principal	<u>5,155,000.00</u>	<u>5,155,000.00</u>	<u>5,155,000.00</u>	
Total regular debt service-expenditures	\$ <u>8,259,087.00</u>	\$ <u>8,259,087.00</u>	\$ <u>8,236,557.00</u>	\$ <u>22,530.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(2.00)</u>	\$ <u>(2.00)</u>	\$ <u>22,528.00</u>	\$ <u>22,530.00</u>
Other financing sources (uses):				
Operating transfers in	\$	\$	\$ <u>108,743.55</u>	\$ <u>108,743.55</u>
Total other financing sources (uses)	\$	\$	\$ <u>108,743.55</u>	\$ <u>108,743.55</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (2.00)	\$ (2.00)	\$ 131,271.55	\$ 131,273.55
Fund balance, July 1	<u>2.08</u>	<u>2.08</u>	<u>2.08</u>	
Fund balance, June 30	<u>0.08</u>	<u>0.08</u>	<u>131,273.63</u>	<u>\$ 131,273.55</u>

STATISTICAL SECTION

(UNAUDITED)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATISTICAL SECTION

Contents

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Financial Trends:

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

J-1 to J-4

Revenue Capacity:

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

J-5 to J-9

Debt Capacity:

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

J-10 to J-13

Demographic and Economic Information:

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

J-14 to J-15

Operating Information:

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

J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 39,167,736.59	\$ 34,111,289.44	\$ 31,225,327.01	\$ 17,978,723.16	\$ 16,880,209.65	\$ 47,277,035.64	\$ 44,776,382.26	\$ 44,305,464.02	\$ 43,080,913.06	\$ 38,720,576.70
Restricted	13,981,137.45	14,512,497.22	15,281,247.37	25,992,085.23	27,751,098.16	7,085,203.85	8,221,840.71	8,545,123.50	5,853,506.20	2,570,543.81
Unrestricted (deficit)	(26,431,639.37)	(25,738,732.29)	(25,289,016.05)	(23,942,126.79)	(21,905,265.08)	(20,922,024.86)	(647,563.83)	(725,061.50)	(18,763.13)	1,000,396.03
Total governmental activities net position	\$ 26,717,234.67	\$ 20,028,681.60	\$ 22,726,042.73	\$ 33,440,214.63	\$ 52,350,659.14	\$ 52,125,526.02	\$ 48,915,656.13	\$ 42,291,516.54	\$ 38,668,061.25	\$ 39,006,103.41
Business-type activities										
Net investment in capital assets	\$ 295,477.70	\$ 354,990.86	\$ 400,693.01	\$ 273,238.17	\$ 255,994.55	\$ 267,874.16	\$ 254,657.95	\$ 195,601.98	\$ 228,711.77	\$ 256,231.38
Unrestricted	141,946.00	220,703.36	421,692.66	511,692.80	680,707.40	628,137.43	477,672.72	319,937.19	298,510.67	289,657.49
Total business-type activities net position	\$ 437,423.70	\$ 784,930.97	\$ 936,701.95	\$ 896,011.59	\$ 732,330.67	\$ 515,539.17	\$ 527,222.44	\$ 545,888.87	\$ 537,890.89	\$ 447,172.46
District-wide										
Net investment in capital assets	\$ 39,463,214.29	\$ 34,466,280.30	\$ 31,626,020.02	\$ 18,251,961.33	\$ 17,136,204.20	\$ 47,544,909.80	\$ 45,031,040.21	\$ 44,501,066.00	\$ 43,309,624.83	\$ 38,976,808.08
Restricted	13,981,137.45	14,512,497.22	15,281,247.37	25,992,085.23	27,751,098.16	7,085,203.85	8,221,840.71	8,545,123.50	5,853,506.20	2,570,543.81
Unrestricted (deficit)	(26,289,693.37)	(25,518,028.93)	(24,867,323.39)	(23,430,433.99)	(21,224,557.68)	(20,293,687.43)	(169,891.11)	(405,124.31)	279,747.54	1,290,053.52
Total district net position	\$ 27,154,658.37	\$ 20,813,612.57	\$ 23,662,744.68	\$ 34,336,226.22	\$ 53,082,989.81	\$ 52,641,065.19	\$ 49,442,878.57	\$ 42,837,405.41	\$ 39,205,952.14	\$ 39,453,275.87

Source: CAFR Schedule A-1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN NET POSITION
(UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 45,108,903.65	\$ 45,336,995.84	\$ 39,934,235.77	\$ 45,561,793.25	\$ 41,937,971.36	\$ 30,761,679.46	\$ 36,151,407.81	\$ 35,357,791.49	\$ 32,441,529.65	\$ 32,087,192.31
Special education	17,948,017.69	17,824,222.53	15,339,756.43	17,429,354.88	13,614,227.40	11,322,072.60	10,849,481.36	10,474,369.16	10,225,506.71	10,699,845.52
Other instruction	6,261,192.44	6,327,934.98	5,231,775.16	5,930,506.74	6,638,941.08	3,894,837.13	3,970,363.67	4,008,557.85	3,584,618.73	3,151,718.49
Support Services:										
Tuition										
Student & instruction related services	15,909,181.01	16,206,160.98	13,932,318.46	15,794,334.56	14,368,798.92	10,534,827.71	10,742,574.51	9,685,042.93	9,215,486.34	9,087,977.50
General administrative services	1,864,366.86	1,813,318.56	3,165,606.48	1,919,454.80	1,720,634.18	1,274,061.43	1,732,915.84	1,687,299.64	1,566,574.24	1,669,317.25
School administrative services	6,181,694.76	6,212,165.15	5,688,609.19	6,549,559.77	6,017,814.51	4,286,669.95	4,232,917.86	4,643,187.41	4,475,120.81	4,210,428.28
Central services and information technology	1,620,021.62	1,650,353.49	3,646,294.66	1,847,930.10	1,517,269.48	1,564,468.53	1,686,385.50	1,582,376.76	1,577,541.87	1,591,741.63
Plant operations and maintenance	7,994,352.04	8,273,388.91	15,659,533.64	8,906,755.59	7,892,486.32	6,371,301.41	8,282,819.92	7,089,255.08	7,058,695.39	7,023,573.47
Student transportation services	5,771,983.69	6,202,523.55	10,708,620.50	6,521,995.18	5,919,123.36	3,831,786.13	5,340,458.21	5,487,076.65	5,695,443.42	6,014,103.52
Interest on long-term debt	2,163,326.80	2,396,517.21	2,588,325.24	3,536,429.52	2,937,399.18	3,023,716.11	3,073,070.12	3,183,695.67	3,024,311.55	3,724,321.41
Unallocated amortization	84,788.01	88,755.19	95,476.73	92,538.88	92,527.15	4,389,091.56	67,556.90	55,819.63	55,819.63	44,303.00
Unallocated depreciation	110,907,828.57	112,432,736.39	116,188,562.27	114,090,653.26	102,657,162.94	81,254,512.02	86,195,771.33	83,315,086.15	79,004,686.15	79,360,367.15
Total governmental activities expenses	\$ 1,454,578.64	\$ 1,869,921.27	\$ 1,739,250.05	\$ 1,915,525.20	\$ 1,734,309.40	\$ 1,522,077.10	\$ 1,430,767.70	\$ 1,581,348.35	\$ 1,595,812.92	\$ 1,526,988.06
Business-type activities:										
Food Service	200,355.16	209,314.24	193,905.75	209,835.30	211,641.30	219,250.64	157,400.41	107,649.42	65,011.35	65,429.67
Other	1,654,933.80	2,079,235.51	1,933,155.80	2,125,360.50	1,945,950.70	1,741,327.74	1,588,168.11	1,688,997.77	1,660,824.27	1,592,417.73
Total business-type activities expense	\$ 1,112,562,762.37	\$ 1,114,511,971.90	\$ 1,118,121,708.07	\$ 1,116,216,013.76	\$ 1,046,603,113.64	\$ 82,995,839.76	\$ 87,783,939.44	\$ 85,004,083.92	\$ 80,665,510.42	\$ 80,952,784.88
PROGRAM REVENUES										
Governmental activities:										
Charges for services	\$ 22,684,445.05	\$ 24,991,719.69	\$ 31,224,016.26	\$ 27,405,581.22	\$ 20,643,321.85	\$ 317,044.90	\$ 407,711.71	\$ 187,126.00	\$ 151,969.00	\$ 8,330,451.57
Operating grants and contributions	22,684,445.05	24,991,719.69	31,224,016.26	27,405,581.22	20,643,321.85	317,044.90	407,711.71	187,126.00	151,969.00	8,330,451.57
Total governmental activities program revenues	\$ 45,368,890.10	\$ 49,983,439.38	\$ 62,448,032.52	\$ 54,811,162.44	\$ 41,286,643.70	\$ 317,044.90	\$ 815,423.42	\$ 374,252.00	\$ 303,938.00	\$ 16,660,903.14
Business-type activities:										
Charges for services	\$ 1,134,772.54	\$ 1,647,794.65	\$ 1,646,118.89	\$ 1,599,763.44	\$ 1,613,638.71	\$ 1,527,272.05	\$ 1,431,126.96	\$ 1,400,158.31	\$ 1,312,016.45	\$ 1,280,005.11
Food Service	260,314.32	270,789.84	212,637.69	241,238.57	209,173.37	246,457.61	209,832.53	127,324.16	69,615.92	84,703.30
Other	119,648.37	105,116.76	110,805.55	132,344.27	149,547.91	131,279.00	164,000.12	149,832.03	260,525.47	235,707.30
Operating grants and contributions	1,514,735.23	2,023,701.25	1,969,562.13	1,973,346.28	1,972,359.99	1,905,008.66	1,804,959.61	1,677,314.50	1,642,157.84	1,600,415.71
Total business type activities program revenues	\$ 24,199,180.28	\$ 27,015,420.94	\$ 33,193,578.39	\$ 29,378,927.50	\$ 22,615,681.84	\$ 22,402,665.62	\$ 13,457,661.13	\$ 14,015,407.04	\$ 11,883,850.31	\$ 9,930,867.28

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (88,223,383.52)	\$ (87,441,016.70)	\$ (84,964,536.01)	\$ (86,685,072.04)	\$ (82,013,841.09)	\$ (60,756,855.06)	\$ (74,542,784.81)	\$ (70,976,993.61)	\$ (68,762,993.68)	\$ (71,029,915.58)
Business-type activities	(140,198.57)	(55,534.26)	36,406.33	(152,014.22)	26,409.29	163,680.92	216,791.50	(11,683.27)	(18,666.43)	7,997.98
Total district-wide net expense	\$ (88,363,582.09)	\$ (87,496,550.96)	\$ (84,928,129.68)	\$ (86,837,086.26)	\$ (81,987,431.80)	\$ (60,593,174.14)	\$ (74,325,993.31)	\$ (70,988,676.88)	\$ (68,781,660.11)	\$ (74,021,917.60)
GENERAL REVENUES AND OTHER CHANGES										
IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 78,134,152.00	\$ 75,780,287.00	\$ 73,367,022.00	\$ 71,928,453.00	\$ 70,131,163.00	\$ 68,033,428.00	\$ 66,699,439.00	\$ 65,391,607.00	\$ 64,586,634.00	\$ 63,359,787.00
Taxes levied for debt service	7,555,883.00	7,090,564.00	7,546,468.00	6,950,521.00	6,189,487.00	7,128,159.00	7,166,769.00	7,037,967.00	6,510,488.00	6,586,741.00
Grants and contributions	5,181,911.23	4,755,600.41	4,175,265.98	3,914,534.17	3,830,047.46	941,654.82	321,819.62	896,691.99	3,473,673.37	3,881,954.08
Miscellaneous income	1,183,617.59	1,281,213.83	1,065,217.58	1,194,864.61	1,153,368.92	720,595.82	579,890.34	860,897.51	816,337.90	824,888.79
Disposal of capital assets		(512.50)	(560.82)	(681.87)	(10,046.60)					
Total governmental activities	\$ 92,055,563.82	\$ 88,907,152.74	\$ 86,153,412.74	\$ 83,987,710.91	\$ 81,294,019.78	\$ 76,823,837.74	\$ 74,767,917.96	\$ 74,186,863.50	\$ 75,387,133.27	\$ 74,653,370.87
Business-type activities:										
Miscellaneous income	\$ 1,928.05	\$ 2,620.91	\$ 1,048.37	\$ 243.24	\$	\$	\$	\$	\$	\$
Total business-type activities	\$ 1,928.05	\$ 2,620.91	\$ 1,048.37	\$ 243.24	\$	\$	\$	\$	\$	\$
Total district-wide	\$ 92,057,491.87	\$ 88,909,773.65	\$ 86,153,412.74	\$ 83,987,710.91	\$ 81,294,019.78	\$ 76,823,837.74	\$ 74,767,917.96	\$ 74,186,863.50	\$ 75,387,133.27	\$ 74,653,370.87
CHANGE IN NET POSITION										
Governmental activities	\$ 3,832,180.30	\$ 1,466,136.04	\$ 1,188,876.73	\$ (2,697,361.13)	\$ (719,821.31)	\$ 16,066,982.68	\$ 225,133.15	\$ 3,209,869.89	\$ 6,624,139.59	\$ 3,623,455.29
Business-type activities	(138,270.52)	(52,913.35)	36,406.33	(152,014.22)	26,409.29	163,680.92	216,791.50	(11,683.27)	(18,666.43)	7,997.98
Total district	\$ 3,693,909.78	\$ 1,413,222.69	\$ 1,225,283.06	\$ (2,849,375.35)	\$ (693,412.02)	\$ 16,230,663.60	\$ 441,924.65	\$ 3,198,186.62	\$ 6,605,473.16	\$ 3,631,453.27

Source: CAFR Schedule A-2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 (UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted	\$ 12,455,358.17	\$ 10,574,317.23	\$ 10,621,367.47	\$ 9,493,348.52	\$ 8,331,632.29	\$ 7,077,899.28	\$ 7,391,008.74	\$ 8,300,423.50	\$ 5,853,506.20	\$ 2,344,962.28
Assigned	139,859.73									
Committed	2,095,135.61	2,509,167.38	1,721,909.32	1,634,253.92	1,516,250.73	1,453,628.50	1,228,258.56	1,316,072.56	359,169.88	1,600,000.00
Unassigned	\$ 14,690,353.51	\$ 13,083,484.61	\$ 12,343,276.79	\$ 11,127,602.44	\$ 9,847,883.02	\$ 8,531,527.78	\$ 8,619,267.30	\$ 9,616,496.06	\$ 7,672,467.55	\$ 1,439,377.70
Total general fund										
	\$ 302,442.42	\$ 2,954,329.16	\$ 430,630.17	\$ 11,091,950.13	\$ 4,988.38	\$	\$ 888,371.00	\$ 1,402,453.90	\$ 1,666,968.96	\$ 7,230,388.46
All Other Governmental Funds										
Committed										
Restricted for:										
Capital projects fund	1,083,477.13	854,311.02	4,482,721.21	5,720,399.91	19,414,467.49	2,180,477.32	2,082,262.86	2,547,405.54	3,597,094.67	3,442,279.84
Debt service fund	131,273.63	2.08	508,507.58	508,508.49	3.18	3.45	2.97	3.49	2.26	9,503.88
Total all other governmental funds	\$ 1,517,193.18	\$ 3,808,642.26	\$ 5,421,858.96	\$ 17,320,858.53	\$ 19,419,469.05	\$ 2,180,480.77	\$ 2,970,636.83	\$ 3,949,862.93	\$ 5,264,065.89	\$ 10,682,172.18

Source: CAFR Schedule B-1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax levy	\$ 85,690,035.00	\$ 82,870,851.00	\$ 80,913,490.00	\$ 78,878,974.00	\$ 76,320,650.00	\$ 75,161,587.00	\$ 73,866,208.00	\$ 72,429,574.00	\$ 71,097,122.00	\$ 69,946,528.00
Tuition charges	143,515.80	169,141.00	178,915.20	203,336.30	179,166.80	121,101.90	138,240.71	187,126.00	151,969.00	89,362.16
Transportation	2,572.50	27,285.00	27,195.00	45,091.40	36,235.00	53,343.00	100,521.00	15,500.00		
Interest on capital reserve	12,573.24	2,108.91	2,108.91	2,108.91	7,645.82				457.50	511.46
Interest on emergency reserve	3,065.64									
Interest on investments	78,281.76	121,772.07	121,772.07	121,772.07	45,201.15	49,211.01	54,668.84	81,695.76	77,455.53	158,951.38
Miscellaneous	943,608.65	840,362.33	840,452.33	822,555.93	885,120.15	870,371.96	728,640.25	810,332.67	811,938.50	634,050.33
State sources	20,662,339.93	19,541,177.37	17,042,542.16	14,589,130.69	13,337,908.91	12,286,312.24	10,511,369.65	11,881,617.29	12,270,836.16	10,234,170.38
Federal sources	1,166,699.35	1,174,983.73	1,205,431.08	1,004,065.70	1,070,290.40	1,050,143.59	1,021,296.03	1,119,110.32	1,219,047.05	1,920,248.73
Total revenue	\$ 108,702,691.87	\$ 104,747,681.41	\$ 100,331,906.75	\$ 89,592,070.70	\$ 91,882,216.23	\$ 89,592,070.70	\$ 86,420,904.48	\$ 86,524,956.04	\$ 85,628,825.74	\$ 82,983,822.44
Expenditures										
Instruction										
Regular instruction	\$ 25,095,981.28	\$ 24,395,771.97	\$ 24,128,709.58	\$ 23,524,301.96	\$ 23,473,541.66	\$ 23,153,923.10	\$ 23,175,710.73	\$ 22,749,111.41	\$ 21,780,794.49	\$ 21,588,802.97
Special education instruction	9,538,688.42	9,282,631.58	9,141,111.35	8,448,716.42	7,844,127.70	7,362,470.95	6,329,385.45	6,097,577.19	6,000,077.27	6,162,082.00
Other instruction	3,361,066.69	3,168,897.09	3,096,040.04	2,946,902.29	2,966,397.92	2,777,830.56	2,795,395.14	2,795,073.52	2,622,406.85	2,301,439.23
Support Services:										
Tuition	2,647,893.68	2,693,386.46	1,971,637.49	2,689,930.68	2,511,919.19	1,961,277.06	2,138,226.38	1,967,306.41	1,952,152.48	2,328,295.83
Student & instruction related services	9,596,762.79	9,534,214.43	9,106,045.63	8,803,131.11	8,548,678.66	8,045,652.49	7,506,826.18	6,763,426.89	6,463,519.59	6,676,310.92
General administrative services	1,261,829.18	1,239,276.14	1,181,170.75	1,197,940.92	1,181,879.25	1,098,499.06	1,211,594.22	1,188,822.35	1,079,836.42	1,201,311.17
School Administrative services	3,368,130.34	3,280,134.14	3,321,075.49	3,277,902.04	3,274,518.88	3,190,700.98	3,206,393.63	3,014,758.80	2,913,139.81	2,823,113.94
Central services & administrative tech.	1,141,027.28	1,086,202.72	1,032,650.24	992,748.46	1,194,090.01	1,296,785.23	1,286,688.73	1,254,612.90	1,181,590.85	1,136,821.02
Plant operations and maintenance	260,373.61	222,244.21	199,426.43	194,850.12	6,610,639.72	6,464,109.10	7,387,766.94	6,213,561.11	6,075,272.63	6,149,841.90
Security	6,691,547.82	6,961,326.03	6,809,120.56	6,569,832.60	18,361.92	25,139.76				
Student transportation services	4,470,964.56	4,898,623.31	4,338,530.99	4,259,696.21	4,117,049.16	3,992,910.48	3,987,232.37	3,941,097.68	4,056,684.57	4,674,301.68
Unallocated employee benefits	30,600,219.50	29,098,458.88	25,614,465.97	24,007,774.87	22,190,756.60	21,858,094.61	19,930,239.51	20,487,387.24	19,357,024.15	17,116,749.73
Capital outlay	4,018,193.26	2,504,374.75	13,160,511.90	2,468,161.32	780,323.77	2,245,912.86	2,425,893.34	2,536,367.22	8,247,216.07	7,805,331.04
Capital lease payments										
Debt service:										
Payment to Refunding Escrow Agent									628,922.93	
Cost of Issue of Refunding Bonds									172,749.52	
Principal	5,852,800.00	5,692,800.00	5,757,800.00	5,037,800.00	4,517,800.00	4,422,800.00	4,327,800.00	4,252,800.00	4,287,800.00	3,122,800.00
Interest and other charges	2,383,757.00	2,605,935.50	2,794,981.63	2,596,571.69	2,824,790.27	2,962,296.52	3,096,095.52	3,216,374.77	3,159,197.01	3,713,758.11
Charter Schools									13,853.00	
Total expenditures	\$ 110,289,235.41	\$ 106,684,277.21	\$ 111,653,278.05	\$ 90,858,392.76	\$ 92,054,874.71	\$ 90,858,392.76	\$ 88,807,359.34	\$ 86,492,130.49	\$ 89,978,384.64	\$ 86,798,959.63
Excess (Deficiency) of revenues over (under) expenditures	\$ (1,586,543.54)	\$ (1,936,595.80)	\$ (11,321,371.30)	\$ (1,266,322.06)	\$ (172,656.48)	\$ (1,266,322.06)	\$ (2,386,454.86)	\$ 32,825.55	\$ (4,349,558.90)	\$ (3,815,137.19)
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Serial Bond Proceeds	772,423.55	871,222.21	736,207.01	530,334.59	226,000.00	388,426.48	410,000.00	597,000.00	417,907.73	206,849.00
Original Issue Premium					18,502,000.00				17,215,000.00	
Payment to Refunding Escrow Agent									1,361,672.45	
Transfers in	108,743.55	201,360.00	373,172.75	935,000.00	1,122,304.88	370,054.00	880,258.68	262,072.59	866,964.05	130,925.75
Transfers out	(108,743.55)	(1,072,582.21)	(736,207.01)	(388,426.48)	(1,122,304.88)	(370,054.00)	(880,258.68)	(262,072.59)	(866,964.05)	(130,925.75)
Total other financing sources (uses)	\$ 772,423.55	\$ (1,072,582.21)	\$ 736,207.01	\$ 388,426.48	\$ 18,728,000.00	\$ 388,426.48	\$ 410,000.00	\$ 597,000.00	\$ 1,219,580.18	\$ 206,849.00
Net change in fund balances	\$ (814,119.99)	\$ (864,013.59)	\$ (10,585,164.29)	\$ (877,895.58)	\$ 18,555,343.52	\$ (877,895.58)	\$ (1,976,454.86)	\$ 629,825.55	\$ (3,129,978.72)	\$ (3,608,288.19)
Debt service as a percentage of noncapital expenditures	7.75%	7.97%	8.68%	8.33%	8.04%	8.33%	8.59%	8.90%	9.11%	8.65%

Source: CAFR Schedule B-2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 (UNAUDITED)

Fiscal Year Ended June 30,	Tuition	Transportation Fees	Interest On Investments	Rentals	Prior Year Refunds	Concession Fees	Participation Fees	Misc.	Total
2020	\$ 143,515.80	\$ 2,572.50	\$ 93,920.64	\$ 257,851.33	\$ 9,914.82	\$	\$	\$ 203,282.89	\$ 701,143.16
2019	169,141.00	27,285.00	284,246.13	392,072.51	7,709.21			358,806.69	1,241,466.15
2018	178,915.20	27,195.00	178,160.21	446,770.79	20,556.04		109,660.26	178,461.20	1,017,211.61
2017	181,156.30	45,091.40	123,880.98	400,536.23	115,826.39		139,133.00	200,372.07	1,081,253.28
2016	183,337.50	36,235.00	52,846.97	353,213.06	41,176.54		142,600.00	228,594.62	1,109,186.54
2015	121,101.90	53,343.00	49,211.01	384,385.42	41,168.28		168,950.00	245,822.85	1,037,640.72
2014	138,240.71	100,521.00	45,410.16	233,841.68	41,168.28		173,525.00	250,211.54	978,343.37
2013	187,126.00	15,500.00	64,323.17	269,407.92	27,579.89		163,200.00	292,888.94	1,030,350.92
2012	151,969.00	23,728.00	57,073.37	329,975.62	33,176.14		149,720.00	188,345.11	947,467.24
2011	11,163.35		58,012.86	194,221.85	25,947.47	5,000.00		235,729.45	679,794.98

Source: District Records

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - MONTGOMERY
UNAUDITED

Fiscal Year Ended December 31	Vacant Land	Residential	Farm.	Q-Farm.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 61,524,700	\$ 3,385,470,433	\$ 62,078,700	\$ 1,940,500	\$ 269,282,400	\$ 3,112,900	\$ 100,104,800	\$ 3,883,514,433	\$ 2,064,484	\$ 3,885,578,917	\$ 4,777,358,141	\$ 2.153
2018	51,778,900	3,356,813,300	63,839,700	1,794,300	269,186,100	3,112,900	100,104,800	3,846,630,000	2,074,985	3,848,704,985	4,678,139,903	2.103
2017	44,878,300	3,337,722,100	64,111,200	1,827,200	275,672,600	3,112,900	100,104,800	3,827,429,100	2,118,288	3,829,547,388	4,351,798,395	2.069
2016	52,452,100	3,271,467,700	70,941,600	1,925,200	282,631,200	3,112,900	97,932,200	3,780,462,900	2,118,666	3,782,581,566	4,435,527,153	2.036
2015	59,459,900	3,223,428,000	68,334,900	1,933,100	281,624,200	3,112,900	97,010,200	6,958,331,200	2,194,918	6,960,526,118	4,428,431,154	2.001
2014	58,144,700	3,188,845,100	69,628,900	1,940,900	286,468,500	3,112,900	97,010,200	3,705,171,200	2,079,867	3,707,251,067	4,435,572,346	1.982
2013	50,580,500	3,196,965,900	67,056,400	1,946,000	293,745,100	3,112,900	90,938,200	3,704,345,000	2,306,369	3,706,651,369	4,605,107,925	1.951
2012	44,639,200	3,202,029,520	67,737,500	2,068,000	291,172,600	3,112,900	93,077,600	3,703,837,320	5,049,897	3,708,887,217	4,514,422,494	1.911
2011	45,820,600	3,210,084,800	68,599,100	2,049,600	298,005,300	3,112,900	93,577,600	3,721,249,900	4,927,137	3,726,177,037	4,645,186,440	1.870
2010	45,877,100	3,219,311,700	66,750,100	2,040,300	303,046,200	3,112,900	106,253,500	3,746,391,800	5,317,234	3,751,709,034	4,834,169,424	1.828

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

(a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(b): Tax rates are per \$100

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
ASSESSSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - ROCKY HILL
(UNAUDITED)

Calendar Year Ended December 31,	Vacant Land	Residential	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 1,182,700	\$ 111,880,100	\$ 11,200	\$ 8,439,600	\$ 8,389,800	\$ 1,118,300	\$ 131,021,700	\$ 372,169	\$ 131,393,869	\$ 134,407,813	\$ 1.508
2018	220,600	111,410,500	20,900	8,563,800	8,239,800	1,121,100	129,576,700	376,924	129,953,624	130,647,171	1.390
2017	220,600	110,969,600	20,900	8,260,300	8,239,800	1,086,600	128,797,800	376,924	129,174,724	129,032,788	1.371
2016	440,500	111,283,200	20,900	8,070,000	7,939,800	1,089,400	128,843,800	367,089	129,210,889	131,325,225	1.318
2015	674,800	111,209,300	11,200	6,316,000	7,784,100	1,084,400	127,079,800	344,924	127,424,724	129,374,322	1.273
2014	420,500	104,150,800	20,900	7,657,000	7,394,900	1,025,500	120,669,600	342,424	121,012,024	127,960,266	1.335
2013	420,500	103,705,700	20,900	7,657,000	7,394,900	1,025,500	120,224,500	342,424	120,566,924	127,004,668	1.284
2012	420,500	104,910,700	20,900	7,088,800	7,394,900	1,025,500	120,871,300	337,357	121,208,657	132,314,490	1.226
2011	420,500	104,889,900	20,900	7,088,800	7,394,900	1,025,500	120,860,500	389,705	121,240,205	126,497,136	1.152
2010	198,100	55,333,200	20,900	3,538,500	3,404,000	569,400	63,064,100	255,793	63,319,893	137,715,536	2.109

Source: District records Tax list summary & Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES - MONTGOMERY
UNAUDITED

Calendar Year Ended December 31,	Township of Montgomery			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Township of Montgomery	Somerset County	
2019	\$ 1.969	\$ 0.184	\$ 2.153	\$ 0.453	\$ 0.492	\$ 3.098
2018	1.907	0.196	2.103	0.440	0.482	3.025
2017	1.876	0.193	2.069	0.427	0.482	2.978
2016	1.857	0.179	2.036	0.410	0.481	2.927
2015	1.839	0.162	2.001	0.389	0.470	2.860
2014	1.790	0.192	1.982	0.373	0.470	2.825
2013	1.758	0.192	1.950	0.360	0.474	2.784
2012	1.725	0.186	1.911	0.351	0.447	2.709
2011	1.699	0.171	1.870	0.344	0.445	2.659
2010	1.656	0.172	1.828	0.339	0.428	2.595

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES - ROCKY HILL
UNAUDITED

Calendar Year Ended <u>December 31,</u>	Borough of Rocky Hill			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Rocky Hill</u>	<u>Somerset County</u>	
2019	1.469	0.039	\$ 1.508	\$ 0.435	\$ 0.410	\$ 2.353
2018	1.334	0.037	1.371	0.406	0.399	2.176
2017	1.334	0.037	1.371	0.396	0.404	2.171
2016	1.296	0.022	1.318	0.395	0.409	2.122
2015	1.294	0.022	1.316	0.371	0.401	2.088
2014	1.312	0.023	1.335	0.373	0.472	2.180
2013	1.262	0.022	1.284	0.378	0.472	2.134
2012	1.206	0.020	1.226	0.377	0.446	2.049
2011	1.139	0.013	1.152	0.383	0.445	1.980
2010	2.110		2.110	0.734	0.427	3.271

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation. A Reassessment became effective for 2011.

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation. A Reassessment became effective for 2011.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS - MONTGOMERY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2020				2011			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
Pike Run LLC/Cloverleaf	\$ 84,620,000	1	2.16%	\$ 77,410,300	1	2.08%		
Montpen/Research Park LLC/ABCF LLC	49,838,400	2	1.27%	49,838,400	2	1.34%		
Johnson and Johnson	41,266,600	3	1.05%	43,969,200	3	1.18%		
Presbyterian Homes	41,000,000	4	1.05%	43,752,900	4	1.17%		
Bloomburg LP	15,837,600	5	0.40%	10,680,500	9	0.29%		
Chesapeake Holdings	10,034,200	6	0.26%					
Fivehteen / Larken Assoc	9,129,100	7	0.23%					
P.H. Associates, LLC	8,145,700	8	0.21%	11,770,100	8	0.32%		
Princeton North Realty	7,909,500	9	0.20%	7,909,500	10	0.29%		
Cherry Valley HOA	6,479,300	10	0.17%					
Total	\$ 274,260,400		7.00%	\$ 245,330,900		6.67%		

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - ROCKY HILL
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2020			2011 *		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
J & R Association LLC	\$ 8,640,000	1	6.58%			
Yver, Antoine & Gaud	2,452,600	2	1.87%			
CDG Partners, L.L.C	1,595,000	3	1.21%			
Witherspoon Partners LLC	1,269,700	4	0.97%			
Bank of America	1,104,500	5	0.84%			
Schafer, Barbara D.	1,016,700	6	0.77%			
Merritt Brothers, Inc.	997,800	7	0.76%			
Demunecas, Patrick & Perry, Maren	821,600	8	0.63%			
Copper Spoon Properties, LLC	803,000	9	0.61%			
George F. White, III	746,600	10	0.57%			
Total	\$ 19,447,500		14.80%	\$ -		

Source: District CAFR J11 & Municipal Tax Assessor

* Information was not available at time of audit.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2020	\$ 85,690,035	\$ 85,690,035	100.00%	-
2019	82,870,851	82,870,851	100.00%	-
2018	80,913,490	80,913,490	100.00%	-
2017	78,878,974	78,878,974	100.00%	-
2016	76,320,650	76,320,650	100.00%	-
2015	75,161,587	75,161,587	100.00%	-
2014	73,866,208	73,866,208	100.00%	-
2013	72,429,574	72,429,574	100.00%	-
2012	71,097,122	71,097,122	100.00%	-
2011	65,289,894	65,289,894	100.00%	-

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

Note: 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 is the amount voted upon or certified prior to the end of the school year.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Governmental Activities				Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases				
2020	\$ 56,177,000	\$ 2,933,124	\$ 1,546,143	\$	60,656,267	2.40%	2,549
2019	61,332,000	3,741,200	1,371,617		66,444,817	2.80%	2,784
2018	66,327,000	4,439,000	1,065,005		71,831,005	3.26%	3,010
2017	71,407,000	5,116,800	815,431		77,339,231	3.69%	3,260
2016	78,467,000	5,769,600	697,710		84,934,310	4.35%	3,628
2015	63,850,000	6,402,400	880,339		71,132,739	3.91%	3,070
2014	67,665,000	7,010,200	855,032		75,530,232	4.35%	3,270
2013	71,405,000	7,598,000	727,523		79,730,523	4.83%	3,453
2012	75,095,000	8,160,800	514,699		83,770,499	5.25%	3,635
2011	79,395,000	8,708,600	588,818		88,692,418	5.63%	3,860

Source: District CAFR Schedules I-1, I-2

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

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

(b) Includes Early Retirement Incentive Plan (ERIP) refunding if applicable.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Net General Bonded Debt Outstanding</u>		
2020	\$ 56,177,000	\$ 56,177,000	1.15%	\$ 2,361
2019	61,332,000	61,332,000	1.41%	2,733
2018	66,327,000	66,327,000	1.70%	3,305
2017	71,407,000	71,407,000	1.67%	2,722
2016	78,467,000	78,467,000	1.77%	2,904
2015	63,850,000	63,850,000	1.86%	3,074
2014	67,665,000	67,665,000	1.95%	3,245
2013	71,405,000	71,405,000	2.12%	3,455
2012	75,095,000	75,095,000	2.18%	3,648
2011	79,395,000	79,395,000	1.87%	3,165

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

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable (a)</u>	<u>Estimated Share</u> <u>of Overlapping</u> <u>Debt</u>
Debt repaid with property taxes			
Township of Montgomery	\$ 70,837,274	100%	\$ 70,837,274
Borough of Rocky Hill	228,000	100%	228,000
Other debt			
Somerset County	231,912,535	6.59%	<u>15,284,173</u>
Subtotal, overlapping debt			86,349,447
Township of Montgomery School District Direct Debt	59,082,000	100%	<u>59,082,000</u>
Total direct and overlapping debt			<u>\$ 145,431,447</u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

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 the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 (UNAUDITED)

Legal Debt Margin Calculation for Year 2019:

Equalized Valuation Basis

Calendar Year	Montgomery	Rocky Hill	Total
2019	\$4,836,257,077	\$133,763,859	\$4,970,020,936
2018	4,731,984,254	134,415,664	4,866,399,918
2017	4,652,277,987	128,038,135	4,780,316,122
	<u>\$14,220,519,318</u>	<u>\$396,217,658</u>	<u>\$14,616,736,976</u>
Average Equalized Valuation of Taxable Property	<u>\$4,740,173,106</u>	<u>\$132,072,553</u>	<u>\$4,872,245,659</u>
Debt Limit (4% (a) of average equalization value)			\$194,889,826
Total Net Debt Applicable to Limit			<u>56,177,000</u>
Legal Debt Margin			<u>\$138,712,826</u>

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$194,889,826	\$193,508,213	\$187,735,003	\$184,296,323	\$182,649,314	\$184,122,444	\$185,954,541	\$189,108,778	\$192,449,022	\$200,435,160
Total Net Debt Applicable To Limit	<u>56,177,000</u>	<u>61,332,000</u>	<u>66,327,000</u>	<u>71,407,000</u>	<u>78,467,000</u>	<u>63,850,000</u>	<u>67,665,000</u>	<u>71,405,000</u>	<u>75,095,000</u>	<u>79,395,000</u>
Legal Debt Margin	<u>\$138,712,826</u>	<u>\$132,176,213</u>	<u>\$121,408,003</u>	<u>\$112,889,323</u>	<u>\$104,182,314</u>	<u>\$120,272,444</u>	<u>\$118,289,541</u>	<u>\$117,703,778</u>	<u>\$117,354,022</u>	<u>\$121,040,160</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	28.83%	31.69%	35.33%	38.75%	42.96%	34.68%	36.39%	37.76%	39.02%	39.61%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)

<u>Year</u>	<u>Population (a)</u>		<u>Personal Income (b)</u>	<u>Per Capita</u>	<u>Unemployment Rate (d)</u>	
	<u>Montgomery</u>	<u>Rocky Hill</u>		<u>Personal Income (c)</u>	<u>Montgomery</u>	<u>Rocky Hill</u>
2019	23,124	669	\$2,526,673,842	\$106,194.00	2.50%	2.20%
2018	23,195	674	2,375,753,177	99,533.00	3.30%	3.50%
2017	23,188	677	2,201,498,520	92,248.00	3.30%	3.50%
2016	23,045	679	2,096,015,400	88,350.00	3.40%	4.00%
2015	22,731	681	1,953,333,396	83,433.00	4.00%	3.80%
2014	22,490	684	1,818,278,388	78,462.00	4.40%	3.50%
2013	22,412	685	1,736,224,587	75,171.00	5.80%	2.40%
2012	22,405	684	1,649,709,050	71,450.00	5.20%	6.60%
2011	22,360	686	1,595,589,810	69,235.00	5.00%	6.30%
2010	22,292	683	1,576,222,850	68,606.00	5.10%	6.40%

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 US Department of Commerce, Bureau of Economic Analysis.
(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.
* Information not applicable prior to merger

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO - MONTGOMERY
UNAUDITED

<u>Employer</u>	2020		2011	
	<u># of Employees</u>	<u>Percentage of Total Employment</u>	<u>Rank (Optional)</u>	<u>Rank (Optional)</u>
	<u># of Employees</u>	<u>Percentage of Total Employment</u>		<u>Percentage of Total Employment</u>
	=====	=====		=====
	=====	=====		=====

NOT AVAILABLE

Source: Municipal Records

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO - ROCKY HILL
 UNAUDITED

<u>Employer</u>	2020		2011	
	<u># of Employees</u>	<u>Percentage of Total Employment</u>	<u># of Employees</u>	<u>Rank (Optional)</u> <u>Percentage of Total Employment</u>

NOT AVAILABLE

Source: Municipal Records

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 (UNAUDITED)

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction	323	320	320	311	311	306	306	313	317	319
Regular	99	194	194	181	173	159	159	134	126	125
Special education										
Support Services:										
Student & instruction related services	138	75	75	81	87	87	78	77	75	74
General administrative services	11	5	5	5	5	5	5	5	5	5
School administrative services	27	32	32	35	35	35	36	36	30	31
Business administrative services	8	14	14	12	12	13	13	13	12	12
Plant operations and maintenance	48	49	49	53	51	51	52	52	52	52
Pupil transportation	53	56	56	63	57	61	63	64	64	64
Athletics	4	4	4	4	4	4	4	4	4	4
Total	711	749	749	745	735	721	716	698	685	686

Source: District Personnel Records

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
OPERATING STATISTICS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Teacher/Pupil Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2020	4,707	\$98,038,550	20,828	1.04%	456	1:20	1:20	1:20	4,684.4	4,573.1	0.57%	97.62%
2019	4,658	96,015,283	20,613	9.88%	454	1:20	1:20	1:20	4,658.0	4,595.0	(1.80%)	98.65%
2018	4,787	89,802,476	18,760	3.92%	468	1:20	1:20	1:20	4,743.5	4,570.8	(0.79%)	96.36%
2017	4,799	86,634,678	18,053	1.50%	468	1:20	1:21	1:20	4,781.4	4,613.3	0.12%	96.48%
2016	4,763	84,712,284	17,785	3.72%	468	1:17	1:20	1:20	4,775.7	4,626.1	0.39%	96.87%
2015	4,737	81,227,383	17,147	3.90%	465	1:17	1:20	1:20	4,757.0	4,604.0	(0.52%)	96.78%
2014	4,784	78,955,459	16,504	5.58%	447	1:20	1:20	1:18	4,782.0	4,624.0	(2.04%)	96.70%
2013	4,892	76,472,735	15,632	7.37%	443	1:18	1:22	1:18	4,881.8	4,704.6	(3.20%)	96.37%
2012	5,047	73,482,499	14,560	2.70%	444	1:19	1:20	1:20	5,043.4	4,876.3	(1.16%)	96.69%
2011	5,090	72,157,070	14,176	2.53%	447	1:21	1:21	1:22	5,102.4	4,936.4	(1.63%)	96.75%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

District Building	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Village School										
Square Feet	88,131	88,131	84,370	83,425	83,425	83,425	83,425	83,425	84,925	83,425
Capacity (students)	895	895	895	883	883	883	883	883	883	883
Enrollment	660	660	697	657	636	666	665	680	766	766
Orchard Hill										
Square Feet	129,995	129,995	129,995	129,995	129,995	129,995	129,995	129,995	129,995	129,995
Capacity (students)	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241
Enrollment ^a	813	811	897	906	848	838	789	854	956	956
Lower Middle School - (1999-2005 = Grades 6-8)										
Square Feet	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300
Capacity (students)	875	875	875	875	875	875	875	875	875	875
Enrollment	797	792	720	774	776	751	778	797	809	809
Upper Middle School - (2005-Moved to HS)										
Square Feet	142,349	142,349	142,349	142,349	142,349	142,349	142,349	142,349	142,349	142,349
Capacity (students)	985	985	985	985	985	985	985	985	985	985
Enrollment	778	776	835	815	820	819	838	822	899	899
High School										
High School - (New Building - 2005/2006)										
Square Feet	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000
Capacity (students)	1,779	1,779	1,779	1,779	1,779	1,779	1,779	1,779	1,779	1,779
Enrollment	1,624	1,619	1,638	1,647	1,683	1,702	1,714	1,738	1,683	1,683
Transportation										
Square Feet	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385

Number of Schools at June 30, 2020

- Elementary = 2
- Middle School = 2
- High School = 1
- Other = 2

Source: District records, ASSA, LRFPP

TOWNSHIP OF MONTGOMERY - 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	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Village Elementary	N/A	\$ 108,575	\$ 105,119	\$ 94,288	\$ 114,788	\$ 111,694	\$ 127,328	\$ 108,621	\$ 90,679	\$ 87,127	\$ 118,807
Orchard Hill Elementary	N/A	156,375	117,484	145,826	180,501	148,124	169,968	179,223	150,018	155,986	67,888
Lower Middle School	N/A	163,838	153,324	162,875	114,803	128,225	142,282	180,642	131,882	148,512	95,637
Upper Middle School	N/A	188,845	166,309	156,504	140,797	138,528	181,520	372,452	161,234	187,050	86,680
High School	N/A	546,759	451,470	505,094	416,209	513,156	392,448	873,111	502,862	432,581	333,807
Total School Facilities		\$ 1,164,392	\$ 993,706	\$ 1,064,587	\$ 967,098	\$ 1,039,727	\$ 1,013,546	\$ 1,714,049	\$ 1,036,675	\$ 1,011,256	\$ 702,819
Other Facilities *		2,301	42,959	315,118	33,432	19,688	85,429	368,122	83,937	21,539	85,906
Grand Total		\$ 1,166,693	\$ 1,036,665	\$ 1,379,705	\$ 1,000,530	\$ 1,059,415	\$ 1,098,975	\$ 2,082,171	\$ 1,120,612	\$ 1,032,795	\$ 788,725

* Other Facilities includes cost of purchase and installation of new modular transportation building to be operational in July 2018

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
SAIF	Property Blanket Building & Contents- Replacement Cost Values	\$ 500,000,000	\$ 2,500
SAIF	Flood	25,000,000	1,000,000 / 250,000
SAIF	Earthquake	25,000,000	5%
SAIF	Environmental/Pollution Liability	1,000,000 occ/ 25,000,000 agg.	10,000
SAIF	General Liability -Each Occurrence -General Aggregate -Personal Injury -Fire Damage -Aggregate	10,000,000 10,000,000 10,000,000 10,000,000 10,000,000	1,000
SAIF	Automotive Coverage -Combined Single Limit -Hired/Non-Owned -Uninsured & Underinsured Auto Physical Damage	10,000,000 10,000,000 15,000/30,000/5,000 Included	1,000
SAIF	Crime Coverage -Money & Securities (inside/outside) - Blanket Dishonesty Bond (including Faithful Performance for Elected Officials)	50,000 500,000	1,000
SAIF	Cyber Liability - Third Party Pool Limit - Third Party Each Member - First Party	25,000,000 2,000,000 2,000,000	10,000
SAIF	Boiler & Machinery Coverage	100,000,000	2,500
NJUEP	Umbrella Liability Coverage -Occurrence Limit -Aggregate Limit	30,000,000 30,000,000	
NJSIG	School Leaders Errors & Omissions -Each Claim -Aggregate Retroactive Date: July 1, 1986	10,000,000 12,000,000	15,000
Hanover Insurance	Surety Bonds - Business Administrator/Board Secretary	385,000	

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Montgomery School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 Township of Montgomery School 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.

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted other matters that have been reported to the Montgomery Board of Education of the Montgomery School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated December 16, 2020.

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.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 16, 2020



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Montgomery School District's compliance with the types of compliance requirements described in the federal *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Montgomery School District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

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

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

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal and State Program

In our opinion, the Township of Montgomery School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 16, 2020

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2019	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	BALANCE AT JUNE 30, 2020 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
Enterprise Funds												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
National School Lunch Program - Commodities	10.555	191NJ304N1069	N/A	7/1/18	33,655.51	1,244.34	\$	\$	(1,244.34)	\$	\$	2,158.13
National School Lunch Program - Commodities	10.555	201NJ304N1069	N/A	7/1/19	37,544.22	(5,440.88)		37,544.22	(65,386.09)			
National School Lunch Program	10.555	191NJ304N1069	N/A	7/1/18	65,515.55			5,440.89				
National School Lunch Program	10.555	201NJ304N1069	N/A	7/1/19	43,252.25			43,252.25	(43,252.25)		(15,936.62)	
National School Lunch Program - COVID 19	10.555	201NJ304N1069	N/A	7/1/19	28,734.36			12,797.74	(28,734.36)			
National School Lunch Program - HHFKA	10.555	191NJ304N1069	N/A	7/1/18	7,581.90	(648.08)		648.08	(6,394.22)		(199.64)	
National School Lunch Program - HHFKA	10.555	201NJ304N1069	N/A	7/1/19	6,394.22	(4,844.63)		105,877.76	(115,011.26)		(16,136.26)	2,158.13
Total Child Nutrition Cluster					\$	\$	\$	\$	\$	\$	\$	\$
Total Enterprise Fund												
General Fund												
U.S. Department of Education												
Passed-through State Department of Education:												
Medical Assistance Program (SEMI)												
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	7/1/18	30,577.41	(1,915.17)		1,915.17	(17,502.23)		\$	\$
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	7/1/19	17,502.23			17,502.23	(17,502.23)			
Total General Fund					\$	\$	\$	\$	\$	\$	\$	\$
Special Revenue Fund												
U.S. Department of Education												
I.D.E.A. Part B Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA332019	7/1/18	850,130.00	(82,632.20)		82,632.20	(811,788.00)	15,201.00	(147,093.00)	15,201.00
I.D.E.A. Part B, Basic	84.027	H027A200100	IDEA332020	7/1/19	856,470.00			664,695.00		628.93	(3,825.16)	628.93
I.D.E.A. Part B- Preschool	84.173	H173A190114	IDEA332019	7/1/18	24,532.00	(5,948.00)		5,948.00	(25,007.16)		(150,918.16)	
I.D.E.A. Part B- Preschool	84.173	H173A200114	IDEA332020	7/1/19	25,017.00	(85,580.20)		21,182.00	(836,795.16)	15,829.93		15,829.93
Total Special Education Cluster					\$	\$	\$	\$	\$	\$	\$	\$
N.C.L.B.:												
Title I	84.010	S010A190030	NCLB332019	7/1/18	413,844.00	(54,930.76)		54,930.76	(198,704.84)	2,382.89	(29,541.84)	2,382.89
Title I	84.010	S010A200030	NCLB332020	7/1/19	325,271.00			169,163.00		655.67		655.67
Title II, Part A	84.367A	S367A190029	NCLB332019	7/1/18	145,897.00	(45,211.23)		45,211.23	(133,357.97)	708.55	(48,984.97)	708.55
Title II, Part A	84.367A	S367A200029	NCLB332020	7/1/19	162,858.00			84,373.00				
Title III	84.365	S365A190030	NCLB332019	7/1/18	21,048.00	(1,447.13)		1,447.13	(11,474.15)			182.85
Title III	84.365	S365A200030	NCLB332020	7/1/19	19,768.00			11,657.00				
Title IV	84.424	S424A190031	NCLB332019	7/1/18	27,847.00	(2,770.00)		2,770.00				
Title IV	84.424	S424A200031	NCLB332020	7/1/19	15,334.00	(104,359.12)		360,552.12	(343,536.96)	3,747.11	(78,526.81)	3,929.96
Total N.C.L.B.					\$	\$	\$	\$	\$	\$	\$	\$
Total Special Revenue Fund												
Total Expenditures of Federal Awards												
					\$	\$	\$	\$	\$	\$	\$	\$

See accompanying notes to schedules of federal awards and state financial assistance.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Table with columns: STATE GRANTOR/PROGRAM TITLE, PROJECT OR STATE PROJECT NUMBER, AWARD AMOUNT, GRANT PERIOD, BALANCE AT JUNE 30, 2019 (UN-EARNED REVENUE (ACCTS.REC.)), DUE TO GRANTOR, CASH RECEIVED, BUDGETARY EXPENDITURES, ADJUSTMENTS/PRIOR YEAR BALANCES, UN-EARNED REVENUE (ACCTS.REC.), DUE TO GRANTOR, BUDGETARY RECEIVABLE, MEMO CUMULATIVE TOTAL EXPENDITURES.

Less: On-Behalf amounts not utilized for determination of Major Programs:
On-behalf TPAF pension contribution
On-behalf TPAF non-contributory insurance
On-behalf TPAF post retirement medical
On-behalf TPAF long term disability insurance
Total State Financial Assistance Subject to Single Audit

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Township of Montgomery School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of Montgomery School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Township of Montgomery School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$43,711.00) for the general fund and (31,135.00) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$17,502.23	\$19,934,368.93	\$19,951,871.16
Special Revenue Fund	1,180,332.12	68,480.00	1,248,812.12
Debt Service Fund		703,202.00	703,202.00
Food Service Fund	115,011.26	4,637.11	119,648.37
Total Awards & Financial Assistance	\$1,312,845.61	\$20,710,688.04	\$22,023,533.65
GAAP Adjustment	<u>(31,135.00)</u>	<u>(43,711.00)</u>	<u>(74,846.00)</u>
Total: GAAP Basis	<u>\$1,281,710.61</u>	<u>\$20,666,977.04</u>	<u>\$22,023,533.65</u>

NOTE 4: 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 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (a) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>CFDA</u>
I.D.E.A. Part B Special Education Cluster:	
I.D.E.A. Part B, Basic	84.027
I.D.E.A. Part B, Preschool	84.173

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under the Uniform Guidance? | Yes |

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program</u> | <u>Grant Number</u> |
|---|---------------------|
| Reimbursed TPAF Social Security Contributions | 20-495-034-5094-003 |
| Debt Service Aid | 20-495-034-5120-017 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under NJ OMB Circular 15-08? Yes

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Township of Montgomery School District

Schedule of Prior Year Audit Findings

There were no prior year findings.

