

Comprehensive Annual Financial Report

of the

**Township of Montgomery School District
County of Somerset
Skillman, New Jersey
For the Fiscal Year Ended June 30, 2011**

Prepared by

**Township of Montgomery School District
Business Office**



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INTRODUCTORY SECTION



MONTGOMERY TOWNSHIP SCHOOLS

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THOMAS M. VENANZI
SCHOOL BUSINESS ADMINISTRATOR
BOARD SECRETARY

October 7, 2011

Dr. Christine Ross, 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, 2011, 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 U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey OMB's Circular 04-04, "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

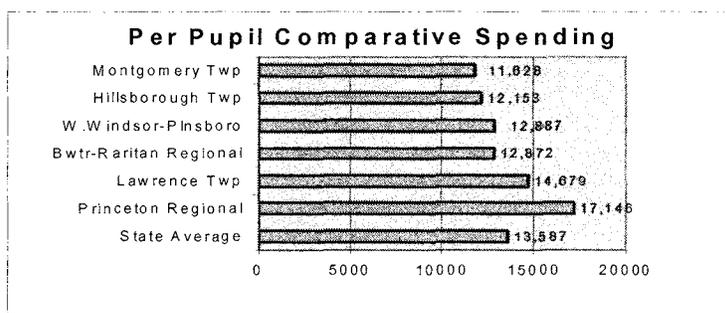
enrollment for the 2010-11 fiscal year as reported on the ASSA report in October 2010 was 5,187 students, which is 4 students below the previous year's enrollment. The following chart details the changes in the student enrollment of the District since the 1999 - 2000 school year.

Enrollment Comparison as of October 2010

Fiscal Year	Student Enrollment	Percent Change
1999/00	3,525	12.2%
2000/01	3,855	9.4%
2001/02	4,053	5.1%
2002/03	4,333	6.9%
2003/04	4,676	7.9%
2004/05	4,899	4.8%
2005/06	5,129	4.7%
2006/07	5,242	1.8%
2007/08	5,277	0.7%
2008/09	5,307	0.6%
2009/10	5,191	-2.2%
2010/11	5,187	-0.0%

In May 2011 the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the State. The guide compares districts with those similar to them. The Township of Montgomery School District was compared with 105 other K-12 districts with enrollments of 3,500 or greater. The information on expenditures was taken from school district budget submissions for school year 2010-11 on file with the State Department of Education. The report showed that the District spends \$11,802 per pupil while the average cost for similar districts is \$13,587. Of the 105 districts, the Township of Montgomery School District is the 22nd lowest in total spending.

The chart below compares cost per pupil data from Montgomery School District with comparable schools in the area. Montgomery School District spends less per student per year while maintaining higher than average standardized test scores and offering numerous co-curricular and athletic opportunities.



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 has a highly qualified professional staff. 60 percent of our certificated staff holds Masters Degrees. The district places great value on professional growth opportunities for its administrative and teaching staffs. During the 2010-11 school year the district spent in excess of \$55,000 on professional

learning in all areas of the curriculum. This is considerably lower than past years due to the financial instability that was created from the defeated budget and subsequent tax levy certification by the Commissioner of Education. The district plans to put more emphasis in this area during the upcoming year since fiscal stability has been restored due to sound financial management practices.

2. ECONOMIC CONDITION AND OUTLOOK: The school district has had some major financial setbacks which occurred during the 2010-11 school year due to a defeated budget and subsequent certified local tax levy by the Commissioner of Education. This action did create fiscal instability as the district started operations for the school year. Due to managerial controls placed on spending, the district was able to recover to generate substantial reserves in order to bring back fiscal stability to the school district as it closed its operation for the school year.

3. MAJOR INITIATIVES: The Board of Education introduced a building project referendum in December 2009 for \$25 million with 40% of the funding coming from the NJ School Development Authority which lessened the impact on the local residents. The referendum was approved by the registered voters and the school district initiated a number of projects at the close of the 2009-10 school year. It is expected that all projects from this referendum will be completed by August 2012. The projects will provide enhanced facilities and also provide for more efficient heating, ventilation and air conditioning systems throughout some of the schools.

The school district did initiate a refunding during the 2010-11 school year which will save the local taxpayers a substantial amount of money over the life of the remaining debt. The annual savings on the refinancing was approximately \$100,000. The Board of Education also received an upgrade in its credit rating when it competitively sold bonds on the open market which was attributed to sound financial long range planning and continued to hold this rating while other governmental agencies were having difficulty retaining their rating.

The district continues to find ways of addressing increased costs in energy. Through a contract with Energy Education, the district has implemented strategies to avoid significant expenses in this area. Through 58 months of operations with this program, the district has avoided over \$4 million in energy costs. Additionally, the district is planning for more efficient means of handling energy through an energy savings plan development and implementation. The school district was also successful in being selected by the Somerset County Freeholders for solar projects at four district schools at no cost to the school district with the school district being the beneficiary of reduced energy costs. Two installations were completed during the 2010-11 school year at the high school and Orchard Hill Elementary School.

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, 2011.

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. As mentioned previously, the school district introduced a bond referendum for various improvements to the district schools which has 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 since the school district only needed to borrow funds for the local share of the projects. Even though the school district added to the debt during last school year, it had significantly reduced its debt since the impact of the high school debt in the 2001-02 school year. The school district was well within its borrowing capacity with this increased debt since the available borrowing margin is \$115,684,332.00.

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.

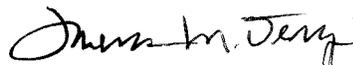
9. RISK MANAGEMENT: The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property damage and contents and fidelity bonds.

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 OMB Circular A-133 and state Treasury Circular 04-04 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,



Earl T. Kim
Superintendent of Schools



Thomas M. Venanzi
School Business Administrator/Board Secretary

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

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Christine Ross, President	2012
Ms. Andrea F. Bradley, Vice President	2013
Ms. Shalini Bhargava	2013
Dr. Christine Abrahams	2014
Mr. Humberto Goldoni	2012
Ms. Adelle Kirk	2012
Ms. Annie Michaelson	2014
Mr. Arun Rimal	2014
Dr. Lei Yu	2013

Other Officials

Earl Kim, Superintendent

Thomas M. Venanzi, School Business Administrator/Board Secretary

Ronald Rossi, Treasurer

Stephen Fogarty, Esq., Solicitor

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

CONSULTANTS AND ADVISORS

Architect

Parette 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

Construction Attorney

Wilentz, Goldman & Spitzer, P.A.
90 Woodbridge Center Drive, Suite 900
Woodbridge, N.J. 07095

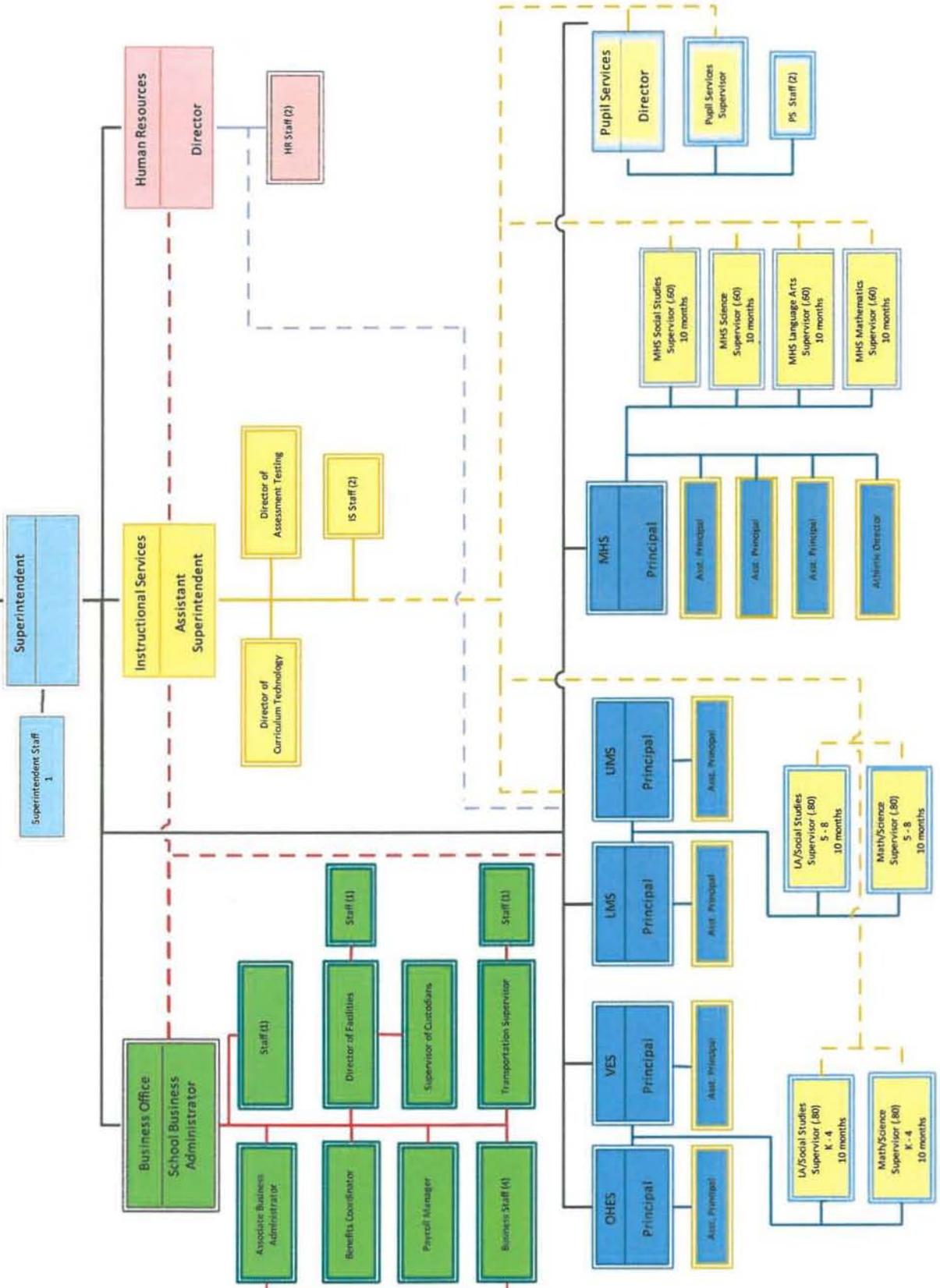
Bond Counsel

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

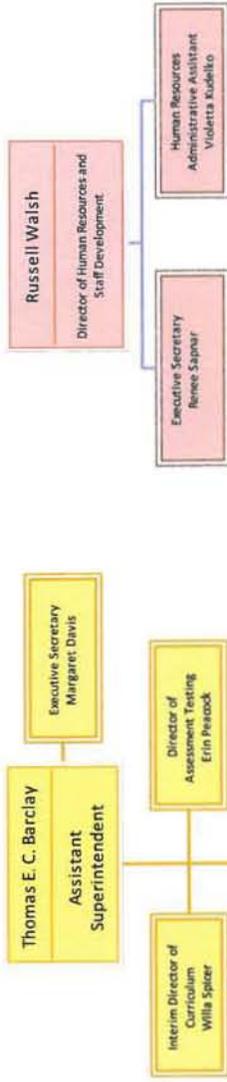
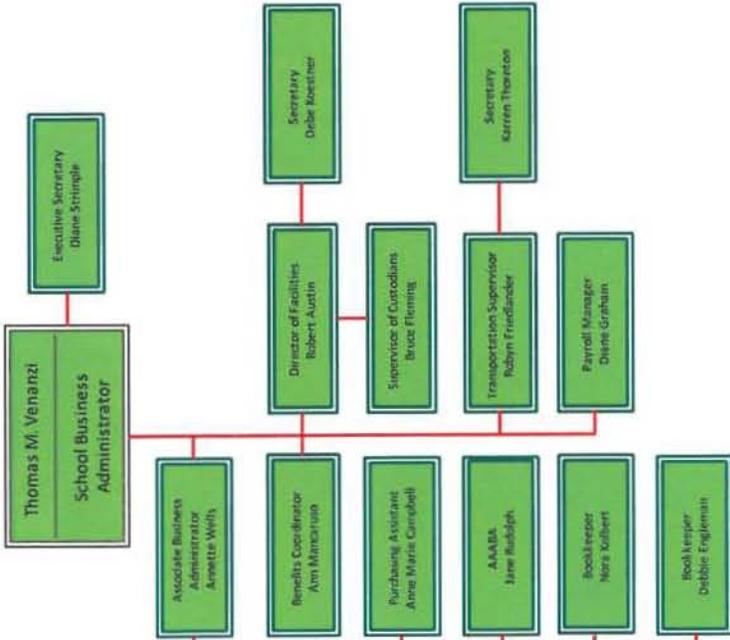
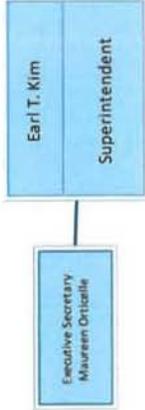
Official Depositories

TD Bank
Sovereign Bank

Montgomery Township Board of Education



Montgomery Township
Board of Education
Central Office



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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
Montgomery, New Jersey

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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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, the provisions of U. S. Office of Management and Budget (OMB) Circular A-133 "Audits of State, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2011 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplementary information, as listed in the foregoing table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 introductory section, combining and individual fund schedules and statements, other schedules, statistical tables and the schedules of expenditures of federal awards and state financial assistance as listed in the table of contents are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and State of New Jersey, Department of Education, Division of Finance and are not a required part of the basic financial statements of the Township of Montgomery School District, County of Somerset, New Jersey. Such information, except for the introductory section and that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

October 7, 2011


PUBLIC SCHOOL ACCOUNTANT NO. 93

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, 2011
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, 2011. 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.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments issued in June 1999.

Financial Highlights

Key financial highlights for 2010-11 are as follows:

- The school district was placed in a position of fiscal instability for the 2010-11 school year due to a budget defeat and subsequent local tax levy certification by the Commissioner of Education requiring the district to appropriate additional funds from reserve to the 2010-11 budget. Due to sound financial management practices put in place by the district in order to recover from this position of weakness, the district was able to replenish reserves through the postponement of planned expenses and general efficiencies achieved through more aggressive purchasing practices. The excess surplus generated from this practice resulted in \$1,881,735.12 being available to go toward the 2012-13 budget.
- The school district received an additional State aid award of \$556,316 in June 2011 to provide for a fraction of extraordinary costs attributable to the special education program. The district did anticipate \$350,000 for this purpose resulting in unanticipated revenue in this area in the amount of \$206,316.
- For the eighth year in a row, notification was received that the final payment of state aid to school districts would be delayed until the next fiscal year. The final payment was received in July 2011.
- At the school election held in April 2011, the voters of the School District approved the 2011-12 school year budget with a vote of 1,346 for and 911 against.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED**

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- 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.
- 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 assets and how they have changed. Net assets, 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 assets 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED**

- 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.
- 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 government-wide Statement of Net Assets 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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- **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.

Financial Analysis of the District as a Whole

The District's combined net assets have increased from the 2009-2010 fiscal year. The net assets from governmental funds increased \$3,623,455.29. Net assets from business-type activities increased \$7,997.98. The increase in the restricted net assets from prior year is \$1,856,852.19. Exhibit A-1 below reflects the District's net assets as a whole. Exhibit A-2 reflects the changes in net assets from operating results.

**Exhibit A-1
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Total
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	Percentage Change
Current and							
Other Assets	\$23,365,412.58	\$29,768,777.81	\$359,106.42	\$417,055.92	\$23,724,519.00	\$30,185,833.73	-21.41%
Capital Assets	115,195,083.42	111,106,945.01	256,231.38	286,517.71	115,451,314.80	111,393,462.72	3.64%
Total Assets	138,560,496.00	140,875,722.82	615,337.80	703,573.63	139,175,833.80	141,579,296.45	-1.70%
Long-Term							
Liabilities	83,939,831.14	87,906,057.75			83,939,831.14	87,906,057.75	-4.51%
Short-Term							
Liabilities	12,329,148.32	14,301,603.82	69,448.93	165,682.74	12,398,597.25	14,467,286.56	-14.30%
Total Liabilities	96,268,979.46	102,207,661.57	69,448.93	165,682.74	96,338,428.39	102,373,344.31	-5.90%
Net Assets:							
Invested in							
Capital Assets							
Net of Related							
Debt	38,720,576.70	35,603,356.77	256,231.38	286,517.71	38,976,808.08	35,889,874.48	8.60%
Restricted	2,570,543.81	713,691.62			2,570,543.81	713,691.62	260.18%
Unrestricted	1,000,396.03	2,351,012.86	289,657.49	251,373.18	1,290,053.52	2,602,386.04	-50.43%
Total Net							
Assets	\$42,291,516.54	\$38,668,061.25	\$545,888.87	\$537,890.89	\$42,837,405.41	\$39,205,952.14	9.26%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Exhibit A-2
Changes in Net Assets from Operating Results**

	Governmental Activities <u>FY 2011</u>	Business-Type Activities <u>FY 2011</u>	Total School District <u>FY 2011</u>
Revenue:			
Program Revenue:			
Charges for Services		\$1,364,708.41	\$1,364,708.41
Operating Grants and Contributions	\$8,330,451.57	235,707.30	8,566,158.87
General Revenue:			
Property Taxes	69,946,528.00		69,946,528.00
Federal and State Aid	3,881,954.08		3,881,954.08
Other	824,888.79		824,888.79
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>82,983,822.44</u>	<u>1,600,415.71</u>	<u>84,584,238.15</u>
Expenses:			
Instruction	45,938,756.32		45,938,756.32
Student & Instructional Related Services	9,087,977.50		9,087,977.50
Administrative and Business	7,471,487.16		7,471,487.16
Maintenance & Operations	7,023,573.47		7,023,573.47
Transportation	6,014,103.52		6,014,103.52
Other	3,824,469.18	1,592,417.73	5,416,886.91
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>79,360,367.15</u>	<u>1,592,417.73</u>	<u>80,952,784.88</u>
Increase/(Decrease) in Net Assets	<u><u>\$3,623,455.29</u></u>	<u><u>\$7,997.98</u></u>	<u><u>\$3,631,453.27</u></u>

Sources of Revenue for Fiscal Year 2011

The District's total revenue for the 2010-2011 school year was \$84,584,238.15 as reflected in Exhibit A-3 below. Property taxes and state formula aid accounted for 84.91 percent of the total revenue with the other 15.09 percent consisting of restricted state and federal aid, charges for services, and miscellaneous sources.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Exhibit A-3
Sources of Revenue for Fiscal Year 2011**

<u>Sources of Revenue</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$69,946,528.00	82.70%
State Formula Aid	1,871,805.00	2.21%
Other State and Federal Aid	4,519,455.27	5.34%
Federal and State Grants	4,776,316.84	5.65%
Charges for Services	1,364,708.41	1.61%
Other	2,105,424.63	2.49%
	<u>\$84,584,238.15</u>	<u>100.00%</u>

Expenses for the Fiscal Year 2011

The total expenditures for the 2010-2011 fiscal year for all programs and services were \$80,952,784.88. Exhibit A-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 75.4 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 new accounting reporting model; expenses therefore include \$3,150,892.53 for depreciation.

**Exhibit A-4
Expenses for Fiscal Year 2011**

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$45,938,756.32	56.74%
Student & Instructional Related Services	9,087,977.50	11.23%
Administrative and Business	7,471,487.16	9.23%
Maintenance & Operations	7,023,573.47	8.68%
Transportation	6,014,103.52	7.43%
Other	5,416,886.91	6.69%
	<u>\$80,952,784.88</u>	<u>100.00%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Exhibit A-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.

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

<u>Function/Program</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$39,665,721.20	55.84%
Student & Instruction Related Services	7,953,406.29	11.20%
Administrative and Business	6,989,261.28	9.84%
Maintenance & Operations	7,023,573.47	9.89%
Transportation	5,817,959.16	8.19%
Other	3,579,994.18	5.04%
	<u>\$71,029,915.58</u>	<u>100.00%</u>

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:

- In a contract year, realign budgeted salary accounts after contract negotiation settlement and staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
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Capital Assets

During the fiscal year 2010-2011 the District's depreciation expense and retired assets exceeded capital acquisitions, therefore capital assets net of depreciation decreased. Exhibit A-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.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	
Land	6,760,785.00	6,760,785.00			6,760,785.00	6,760,785.00	0.00%
Site Improv.	3,041,991.50	3,267,087.50			3,041,991.50	3,267,087.50	6.89%
Building and Building Improvements	94,892,260.57	97,186,275.23			94,892,260.57	97,186,275.23	2.36%
Construction in Progress	8,182,141.60	1,031,246.13			8,182,141.60	1,031,246.13	-693.42%
Machinery and Equipment	<u>2,317,904.75</u>	<u>2,861,551.15</u>	<u>256,231.38</u>	<u>286,517.71</u>	<u>2,574,136.13</u>	<u>3,148,068.86</u>	<u>18.23%</u>
Total Assets	<u><u>115,195,083.42</u></u>	<u><u>111,106,945.01</u></u>	<u><u>256,231.38</u></u>	<u><u>286,517.71</u></u>	<u><u>115,451,314.80</u></u>	<u><u>111,393,462.72</u></u>	<u><u>-3.64%</u></u>

Debt Administration

At June 30, 2011 the District had \$88,344,658.22 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases, and deferred amount of refunding bonds. The District will continue to pay down its debt, as the obligations are due. Exhibit A-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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
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**Exhibit A-7
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2011	FY 2010	
Capital Leases	\$9,297,418.49	\$10,187,567.58	-8.74%
Compensated Absences	929,739.73	670,942.26	38.57%
Deferred Amount of Refunding Bonds	(1,277,500.00)	(1,331,125.00)	-4.03%
Bonds Payable	79,395,000.00	81,990,000.00	-3.17%
	<u>\$88,344,658.22</u>	<u>\$91,517,384.84</u>	<u>-3.47%</u>

The District's Future

The Montgomery Township School District is in good financial condition presently. The School District is proud of its community support of the public schools. The School District 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 maintaining the 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.

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 Mr. Thomas M. Venanzi, 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, 2011.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets 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 ASSETS
JUNE 30, 2011

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 12,763,834.43	\$ 309,820.60	\$ 13,073,655.03
Receivables, net	9,645,025.99	13,569.48	9,658,595.47
Inventory		22,529.47	22,529.47
Prepaid expenses		13,186.87	13,186.87
Restricted assets:			
Restricted cash and cash equivalents	463,227.16		463,227.16
Deferred bond issuance costs, net	493,325.00		493,325.00
Capital assets:			
Not being depreciated	14,942,926.60		14,942,926.60
Other Capital Assets, net	100,252,156.82	256,231.38	100,508,388.20
Total assets	<u>\$ 138,560,496.00</u>	<u>\$ 615,337.80</u>	<u>\$ 139,175,833.80</u>
LIABILITIES			
Accounts payable	\$ 97,104.91	\$	\$ 97,104.91
Payable to state government	6,312.98		6,312.98
Deferred revenue	6,702,157.53	69,448.93	6,771,606.46
Interest payable	1,118,745.82		1,118,745.82
Noncurrent liabilities:			
Due within one year	4,404,827.08		4,404,827.08
Due beyond one year	83,939,831.14		83,939,831.14
Total liabilities	<u>\$ 96,268,979.46</u>	<u>\$ 69,448.93</u>	<u>\$ 96,338,428.39</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 38,720,576.70	\$ 256,231.38	\$ 38,976,808.08
Restricted for:			
Capital projects fund	225,581.53		225,581.53
Other purposes	2,344,962.28		2,344,962.28
Unrestricted	<u>1,000,396.03</u>	<u>289,657.49</u>	<u>1,290,053.52</u>
Total net assets	<u>\$ 42,291,516.54</u>	<u>\$ 545,888.87</u>	<u>\$ 42,837,405.41</u>

See accompanying notes to financial statements.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 JUNE 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 32,087,192.31	\$	\$ 2,381,300.98	\$ (29,705,891.33)	\$	\$ (29,705,891.33)
Special education	10,699,845.52		3,658,982.20	(7,040,863.32)		(7,040,863.32)
Other	3,151,718.49		232,751.94	(2,918,966.55)		(2,918,966.55)
Support services:						
Student and instruction related services	9,087,977.50		1,134,571.21	(7,953,406.29)		(7,953,406.29)
General administrative services	1,669,317.25		56,041.25	(1,613,276.00)		(1,613,276.00)
School administrative services	4,210,428.28		321,333.27	(3,889,095.01)		(3,889,095.01)
Central services	1,422,241.72		104,851.36	(1,317,390.36)		(1,317,390.36)
Administration information technology	169,499.91			(169,499.91)		(169,499.91)
Plant operations and maintenance	7,023,573.47			(7,023,573.47)		(7,023,573.47)
Student transportation services	6,014,103.52		196,144.36	(5,817,959.16)		(5,817,959.16)
Interest on long term debt	3,724,321.41		244,475.00	(3,479,846.41)		(3,479,846.41)
Unallocated Depreciation	55,844.77			(55,844.77)		(55,844.77)
Unallocated Amortization of Bond Costs	44,303.00			(44,303.00)		(44,303.00)
Total governmental activities	\$ 79,360,367.15	\$	\$ 8,330,451.57	\$ (71,029,915.58)	\$	\$ (71,029,915.58)
Business-type activities:						
Food service	\$ 1,592,417.73	\$ 1,364,708.41	\$ 235,707.30	\$	\$ 7,997.98	\$ 7,997.98
Total business-type activities	\$ 1,592,417.73	\$ 1,364,708.41	\$ 235,707.30	\$	\$ 7,997.98	\$ 7,997.98
Total primary government	\$ 80,952,784.88	\$ 1,364,708.41	\$ 8,566,158.87	\$ (71,029,915.58)	\$ 7,997.98	\$ (71,021,917.60)
General Revenues:						
Taxes:						
Property taxes - general				\$ 63,359,787.00	\$	\$ 63,359,787.00
Property taxes - debt service				6,586,741.00		6,586,741.00
Federal and state aid not restricted				3,881,954.08		3,881,954.08
Miscellaneous income				824,888.79		824,888.79
Total general revenues				\$ 74,653,370.87	\$	\$ 74,653,370.87
Change in net Assets				\$ 3,623,455.29	\$ 7,997.98	\$ 3,631,453.27
Net Assets - beginning				\$ 38,668,061.25	\$ 537,890.89	\$ 39,205,952.14
Net Assets ending				\$ 42,291,516.54	\$ 545,888.87	\$ 42,837,405.41

See accompanying notes to financial statements.

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, 2011

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash and cash equivalents	\$ 3,956,763.11		\$ 8,797,567.44	\$ 9,503.88	\$ 12,763,834.43
Capital reserve account	463,227.16				463,227.16
Accounts receivable:					
State	739,389.62		8,536,940.10		9,276,329.72
Federal		359,961.00			359,961.00
Other	8,735.27				8,735.27
Interfund	313,330.52				313,330.52
Total assets	\$ 5,481,445.68	\$ 359,961.00	\$ 17,334,507.54	\$ 9,503.88	\$ 23,185,418.10
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 74,407.08	\$ 22,697.83			\$ 97,104.91
Interfunds payable		267,612.19	45,718.33		313,330.52
Due to grantors		6,312.98			6,312.98
Deferred revenue	22,698.62	63,338.00	6,616,120.91		6,702,157.53
Total liabilities	\$ 97,105.70	\$ 359,961.00	\$ 6,661,839.24		\$ 7,118,905.94
Fund balances:					
Restricted for:					
Capital Reserve Account	\$ 463,227.16				\$ 463,227.16
Excess surplus-current year	1,881,735.12				1,881,735.12
Capital projects fund			3,442,279.84		3,442,279.84
Debt service fund				9,503.88	9,503.88
Committed for:					
Year-end encumbrances			7,230,388.46		7,230,388.46
Designated for subsequent years expenditures	1,600,000.00				1,600,000.00
Unassigned:					
General fund	1,439,377.70				1,439,377.70
Total fund balances	\$ 5,384,339.98		\$ 10,672,668.30	\$ 9,503.88	\$ 16,066,512.16
Total liabilities and fund balances	\$ 5,481,445.68	\$ 359,961.00	\$ 17,334,507.54	\$ 9,503.88	

Amounts reported for governmental activities in the statement of net assets (a-1) are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$150,062,184.27 and the accumulated depreciation is \$34,867,100.85.

\$ 115,195,083.42

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance cost are \$1,026,914 and the accumulated amortization is \$533,589.

493,325.00

Long term liabilities, including bonds and accrued interest payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

(89,463,404.04)

Net assets of governmental activities

\$ 42,291,516.54

See accompanying notes to financial statements.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 63,359,787.00	\$	\$	\$ 6,586,741.00	\$ 69,946,528.00
Tuition	89,362.16				89,362.16
Miscellaneous revenues	679,794.98	57,986.54	45,718.33	9,501.86	793,001.71
Interest earned on capital reserve	511.46				511.46
Total revenues-local sources	\$ 64,129,455.60	\$ 57,986.54	\$ 45,718.33	\$ 6,596,242.86	\$ 70,829,403.33
State sources	\$ 7,378,102.27	\$ 79,439.02	\$ 2,532,154.09	\$ 244,475.00	\$ 10,234,170.38
Federal sources		1,920,248.73			1,920,248.73
Total revenues	\$ 71,507,557.87	\$ 2,057,674.29	\$ 2,577,872.42	\$ 6,840,717.86	\$ 82,983,822.44
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	\$ 21,588,802.97	\$	\$	\$	\$ 21,588,802.97
Special education	4,951,135.44	1,210,946.65			6,162,082.09
Other instruction	2,301,439.23				2,301,439.23
Support services:					
Tuition	2,326,295.83				2,326,295.83
Student and instruction related services	6,192,541.27	483,769.65			6,676,310.92
General administrative services	1,201,311.17				1,201,311.17
School administrative services	2,823,113.94				2,823,113.94
Central services	982,437.86				982,437.86
Administration information technology	154,383.16				154,383.16
Plant operations and maintenance	6,149,841.90				6,149,841.90
Student transportation services	4,674,301.68				4,674,301.68
Employee benefits	17,116,749.73				17,116,749.73
Capital outlay	376,685.00	362,957.99	7,065,688.05		7,805,331.04
Debt service:					
Principal				3,122,800.00	3,122,800.00
Interest				3,713,758.11	3,713,758.11
Total expenditures	\$ 70,839,039.18	\$ 2,057,674.29	\$ 7,065,688.05	\$ 6,836,558.11	\$ 86,798,959.63
Excess (deficiency) of revenues over (under) expenditures	\$ 668,518.69	\$	\$ (4,487,815.63)	\$ 4,159.75	\$ (3,815,137.19)
Other financing sources (uses):					
Operating transfer out	\$	\$	\$ (130,925.75)	\$	\$ (130,925.75)
Operating transfer in	130,925.75				130,925.75
Capital leases (non-budgeted)	206,849.00				206,849.00
Total financing sources(uses):	\$ 337,774.75	\$	\$ (130,925.75)	\$	\$ 206,849.00
Net change in fund balances	\$ 1,006,293.44	\$	\$ (4,618,741.38)	\$ 4,159.75	\$ (3,608,288.19)
Fund balances, July 1, 2010	4,378,046.54		15,291,409.68	5,344.13	19,674,800.35
Fund balances, June 30, 2011	\$ 5,384,339.98	\$ -0-	\$ 10,672,668.30	\$ 9,503.88	\$ 16,066,512.16

See accompanying notes to financial statements.

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, 2011

Total net change in fund balances - governmental funds (from B-2) \$ (3,608,288.19)

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	\$	(3,120,606.20)	
Capital outlays		7,805,331.04	
Capital outlays not capitalized		<u>(596,586.43)</u>	
			4,088,138.41

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	(206,849.00)
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Deferred amount on refunding bonds	(53,625.00)
------------------------------------	-------------

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	\$	2,595,000.00	
Payment of capital leases payable		1,096,998.09	
Unexpended capital lease proceeds used for debt service		<u>(27,880.25)</u>	
			3,664,117.84

Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.

Amortization	(44,303.00)
--------------	-------------

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.

	43,061.70
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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>(258,797.47)</u>
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Change in net assets of governmental activities	\$ <u><u>3,623,455.29</u></u>
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See accompanying notes to financial statements.

OTHER FUNDS

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2011

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	NON-MAJOR FUNDS			
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 191,209.14	\$ 117,251.46	\$ 1,360.00	\$ 309,820.60
Accounts receivable:				
State	2,172.98			2,172.98
Federal	11,396.50			11,396.50
Prepaid expenses		13,186.87		13,186.87
Inventories	22,529.47			22,529.47
Total current assets	<u>\$ 227,308.09</u>	<u>\$ 130,438.33</u>	<u>\$ 1,360.00</u>	<u>\$ 359,106.42</u>
Noncurrent assets:				
Furniture, machinery & equipment	\$ 820,700.00			\$ 820,700.00
Less accumulated depreciation	<u>(564,468.62)</u>			<u>(564,468.62)</u>
Total noncurrent assets	<u>\$ 256,231.38</u>	<u>\$</u>	<u>\$</u>	<u>\$ 256,231.38</u>
Total assets	<u>\$ 483,539.47</u>	<u>\$ 130,438.33</u>	<u>\$ 1,360.00</u>	<u>\$ 615,337.80</u>
LIABILITIES				
Current liabilities:				
Deferred revenue	\$ 4,392.11	\$ 65,056.82		\$ 69,448.93
Total current liabilities	<u>\$ 4,392.11</u>	<u>\$ 65,056.82</u>	<u>\$</u>	<u>\$ 69,448.93</u>
Total liabilities	<u>\$ 4,392.11</u>	<u>\$ 65,056.82</u>	<u>\$</u>	<u>\$ 69,448.93</u>
NET ASSETS				
Invested in capital assets - net	\$ 256,231.38			\$ 256,231.38
Unrestricted	<u>222,915.98</u>	<u>65,381.51</u>	<u>1,360.00</u>	<u>289,657.49</u>
Total net assets	<u>\$ 479,147.36</u>	<u>\$ 65,381.51</u>	<u>\$ 1,360.00</u>	<u>\$ 545,888.87</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	FOOD SERVICE	NON-MAJOR FUNDS		TOTAL
		SUMMER ENRICHMENT	COMMUNITY EDUCATION	
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs	\$ 709,523.02	\$	\$	\$ 709,523.02
Daily sales - non-reimbursable programs	561,852.00			561,852.00
Special functions	8,630.09			8,630.09
Other fees		84,703.30		84,703.30
Total operating revenues	\$ 1,280,005.11	\$ 84,703.30	\$	\$ 1,364,708.41
OPERATING EXPENSES:				
Cost of sales	\$ 678,056.58	\$	\$	\$ 678,056.58
Salaries	392,106.20	51,989.97		444,096.17
Employee benefits	125,864.36	3,965.03		129,829.39
Other purchased services	141,018.12	7,799.35		148,817.47
Supplies and materials	159,656.47	1,675.32		161,331.79
Depreciation	30,286.33			30,286.33
Total operating expenses	\$ 1,526,988.06	\$ 65,429.67	\$	\$ 1,592,417.73
Operating income (loss)	\$ (246,982.95)	\$ 19,273.63	\$	\$ (227,709.32)
NONOPERATING REVENUES:(EXPENSES)				
State sources				
State school lunch program	\$ 16,488.83	\$	\$	\$ 16,488.83
Federal sources				
National school lunch program	142,139.46			142,139.46
National food distribution commodities	77,079.01			77,079.01
Total nonoperating revenues (expenses)	\$ 235,707.30	\$	\$	\$ 235,707.30
Income (loss)	\$ (11,275.65)	\$ 19,273.63	\$	\$ 7,997.98
Total net assets - beginning	490,423.01	46,107.88	1,360.00	537,890.89
Total net assets - ending	\$ 479,147.36	\$ 65,381.51	\$ 1,360.00	\$ 545,888.87

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	FOOD SERVICE	NON-MAJOR FUNDS		TOTAL
		SUMMER ENRICHMENT	COMMUNITY EDUCATION	
Cash flows from operating activities:				
Receipts from customers	\$ 1,280,005.11	\$ 76,434.17	\$	\$ 1,356,439.28
Payments to employees	(392,106.20)	(39,443.33)		(431,549.53)
Payments to employee benefits	(125,864.36)	(3,965.03)		(129,829.39)
Payment to suppliers	(1,063,017.01)	(22,661.54)		(1,085,678.55)
Net cash provided (used for) by operating activities	\$ (300,982.46)	\$ 10,364.27	\$	\$ (290,618.19)
Cash flows from noncapital financing activities:				
State Sources	\$ 15,275.63	\$	\$	\$ 15,275.63
Federal Sources	217,521.64			217,521.64
Net cash provided by (used for) noncapital financing activities	\$ 232,797.27	\$	\$	\$ 232,797.27
Net increase (decrease) in cash and cash equivalents	\$ (68,185.19)	\$ 10,364.27	\$	\$ (57,820.92)
Cash and cash equivalents - July 1	259,394.33	106,887.19	1,360.00	367,641.52
Cash and cash equivalents - June 30	\$ 191,209.14	\$ 117,251.46	\$ 1,360.00	\$ 309,820.60
Operating income (loss)	\$ (246,982.95)	\$ 19,273.63	\$	\$ (227,709.32)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	30,286.33			30,286.33
Change in assets and liabilities:				
(Increase) Decrease in inventory	5,233.47			5,233.47
Increase (Decrease) in accounts payable	(89,519.31)			(89,519.31)
(Increase) Decrease in prepaid expenses		(640.23)		(640.23)
Increase (Decrease) in deferred revenue		(8,269.13)		(8,269.13)
Net cash provided (used) by operating activities	\$ (300,982.46)	\$ 10,364.27	\$	\$ (290,618.19)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	<u>AGENCY FUNDS</u>			<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>	<u>SCHOLARSHIP FUNDS</u>	
ASSETS				
Cash and cash equivalents	\$ 347,643.30	\$ 1,792,197.34	\$ 63,396.31	\$ 286,059.30
Total assets	<u>\$ 347,643.30</u>	<u>\$ 1,792,197.34</u>	<u>\$ 63,396.31</u>	<u>\$ 286,059.30</u>
LIABILITIES				
Net Salary payable	\$	\$ 1,617,152.31	\$	\$
Payroll deductions and withholdings		175,045.03		
Due to student groups	<u>347,643.30</u>			
Total liabilities	<u>\$ 347,643.30</u>	<u>\$ 1,792,197.34</u>	<u>\$</u>	<u>\$</u>
NET ASSETS				
Reserve for state unemployment	\$	\$	\$	\$ 286,059.30
Reserve for scholarship awards			<u>63,396.31</u>	
Total net assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 63,396.31</u>	<u>\$ 286,059.30</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>SCHOLARSHIP FUNDS</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$	\$ 103,494.68
Board Contributions		235,000.00
Other	855.00	
Total contributions	<u>\$ 855.00</u>	<u>\$ 338,494.68</u>
Investment earnings:		
Interest	\$ 138.04	\$ 553.85
Net investment earnings	<u>\$ 138.04</u>	<u>\$ 553.85</u>
Total additions	<u>\$ 993.04</u>	<u>\$ 339,048.53</u>
DEDUCTIONS:		
Unemployment claims	\$	\$ 470,494.93
Awards	3,693.59	
Total deductions	<u>\$ 3,693.59</u>	<u>\$ 470,494.93</u>
Change in net assets	<u>\$ (2,700.55)</u>	<u>\$ (131,446.40)</u>
Net assets - July 1	<u>\$ 66,096.86</u>	<u>\$ 417,505.70</u>
Net assets - June 30	<u><u>\$ 63,396.31</u></u>	<u><u>\$ 286,059.30</u></u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

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. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement 14 the financial reporting entity is determined by the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the board exercises operating control. The operations of the District include one elementary school and one middle school. 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.

Basis of Presentation, Basis of Accounting

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

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

District-wide Statements: The Statement of Net Assets 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 Assets 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, 2011

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, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

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.

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, 2011

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, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by School Board resolution. All budget amounts presented in the accompanying required supplementary information reflect the original annual budget and all legally authorized revisions, such as amendments and transfers, which represents the final or amended budget.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 the last state aid payment 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, 2011

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 reservations 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 and capital projects fund for which the District has received advances are reflected in the balance sheet as deferred 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 expendable 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, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market 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 & 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.

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.

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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Equity

Fund balance reserves 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.

Deferred Revenue

Deferred revenue in the special revenue and capital projects 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 under generally accepted accounting principles.

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. Bonds are recognized as a liability on the fund financial statements when due.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net Assets represent the difference between assets and liabilities. Net Assets invested in capital assets, net of related debt 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 assets are 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 assets are available.

Fund Balance Reserves

In fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

The restricted fund balance classification includes amounts that are subject to externally enforceable legal restriction such as by constitutional provision, enabling legislation or other government imposed restrictions. The committed fund balance classification includes amounts constrained for a specific purpose by a government using its highest decision-making authority. The assigned fund balance classification includes amounts for all funds, other than the general fund with any remaining positive balances not already classified as restricted or committed. For the general fund, amounts constrained with the intent to be used for a specific purpose by the governing board or an official delegated authority by the board. The unassigned fund balance classification includes for the general fund, amounts not classified as restricted, committed or assigned. The general fund is the only fund that will report a positive unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned. Fund balance restrictions have been established for excess surplus, excess surplus-designated for subsequent year's expenditures, capital reserve and emergency reserve.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income 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 year end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

The Township of Montgomery School District had the following cash and cash equivalents at June 30, 2011.

	<u>Cash in</u>	<u>Reconciling</u>	<u>Reported</u>
	<u>Bank</u>	<u>Items</u>	<u>Total</u>
General Fund	\$ 6,140,498.48	(1,720,508.21)	\$ 4,419,990.27
Capital Projects Fund	8,797,567.44		8,797,567.44
Debt Service Fund	9,503.88		9,503.88
Enterprise Funds	445,598.43	(135,777.83)	309,820.60
Fiduciary Funds	<u>2,852,544.20</u>	<u>(363,247.95)</u>	<u>2,489,296.25</u>
	<u>\$ 18,245,712.43</u>	<u>(2,219,533.99)</u>	<u>\$ 16,026,178.44</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, 2011, 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 \$17,745,712.43 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 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	\$ 6,760,785.00	\$	\$	\$ 6,760,785.00
Construction in progress	<u>1,031,246.13</u>	<u>7,150,895.47</u>	<u></u>	<u>8,182,141.60</u>
Total capital assets that are not depreciated	<u>\$ 7,792,031.13</u>	<u>\$ 7,150,895.47</u>	<u>\$</u>	<u>\$ 14,942,926.60</u>
Capital assets being depreciated:				
Site improvements	\$ 5,339,220.00	\$	\$	\$ 5,339,220.00
Building and building improvements	120,494,698.07	<u></u>	<u></u>	120,494,698.07
Machinery and equipment	<u>9,344,295.46</u>	<u>57,849.14</u>	<u>116,805.00</u>	<u>9,285,339.60</u>
Total capital assets being depreciated	<u>\$ 135,178,213.53</u>	<u>\$ 57,849.14</u>	<u>\$ 116,805.00</u>	<u>\$ 135,119,257.67</u>
Total gross assets	<u>\$ 142,970,244.66</u>	<u>\$ 7,208,744.61</u>	<u>\$ 116,805.00</u>	<u>\$ 150,062,184.27</u>
Less: accumulated depreciation for:				
Site improvements	\$ (2,072,132.50)	\$ (225,096.00)	\$	\$ (2,297,228.50)
Building and building improvements	(23,308,422.84)	(2,294,014.66)	<u></u>	(25,602,437.50)
Machinery and equipment	<u>(6,482,744.31)</u>	<u>(601,495.54)</u>	<u>(116,805.00)</u>	<u>(6,967,434.85)</u>
	<u>\$ (31,863,299.65)</u>	<u>\$ (3,120,606.20)</u>	<u>\$ (116,805.00)</u>	<u>\$ (34,867,100.85)</u>
Governmental activities capital assets, net	<u>\$ 111,106,945.01</u>	<u>\$ 4,088,138.41</u>	<u>\$</u>	<u>\$ 115,195,083.42</u>
Business type activities:				
Machinery and equipment	\$ 820,700.00	\$	\$	\$ 820,700.00
Less: accumulated depreciation	<u>(534,182.29)</u>	<u>(30,286.33)</u>	<u></u>	<u>(564,468.62)</u>
Proprietary fund capital assets, net	<u>\$ 286,517.71</u>	<u>\$ (30,286.33)</u>	<u>\$</u>	<u>\$ 256,231.38</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 3: CHANGE IN CAPITAL ASSETS

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

Instruction:	
Regular	\$ 1,619,498.57
Special	150,780.90
Other	7,818.27
Support Services:	
Student & Instruction related services	72,598.22
General & business related services	441,173.74
Plant operations & maintenance	102,754.39
Transportation	670,137.34
Unallocated	<u>55,844.77</u>
 Total Depreciation Expenses, Governmental Activities	 \$ <u><u>3,120,606.20</u></u>

NOTE 4: LONG-TERM DEBT

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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2011.

	Bonds <u>Payable</u>	Compensated Absences <u>Payable</u>	Capital <u>Leases</u>	Deferred Amt. <u>Refunding Bond</u>	<u>Total</u>
Balance June 30, 2010	\$ 81,990,000.00	\$ 670,942.26	\$ 10,187,567.58	\$ (1,331,125.00)	\$ 91,517,384.84
Additions		258,797.47	206,849.00		465,646.47
	<u>\$ 81,990,000.00</u>	<u>\$ 929,739.73</u>	<u>\$ 10,394,416.58</u>	<u>\$ (1,331,125.00)</u>	<u>\$ 91,983,031.31</u>
Deletions	<u>2,595,000.00</u>		<u>1,096,998.09</u>	<u>(53,625.00)</u>	<u>3,638,373.09</u>
Balance June 30, 2011	<u>\$ 79,395,000.00</u>	<u>\$ 929,739.73</u>	<u>\$ 9,297,418.49</u>	<u>\$ (1,277,500.00)</u>	<u>\$ 88,344,658.22</u>
Amounts due within one year	<u>\$ 3,450,000.00</u>		<u>\$ 954,827.08</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, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 1,269,352.08
2013	1,026,991.51
2014	845,165.50
2015-2024	<u>8,318,173.00</u>
Total Minimum Lease Payments	\$ 11,459,682.09
Less: Amounts Representing Interest	<u>2,162,263.60</u>
Present Value of Minimum Lease Payments	<u>\$ 9,297,418.49</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2011, 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>
2012	\$ 3,450,000.00	3,273,342.52	\$ 6,723,342.52
2013	3,605,000.00	3,143,611.27	6,748,611.27
2014	3,700,000.00	3,002,536.27	6,702,536.27
2015	3,805,000.00	2,854,523.77	6,659,523.77
2016	3,915,000.00	2,702,961.27	6,617,961.27
2017	4,040,000.00	2,530,448.77	6,570,448.77
2018	4,165,000.00	2,351,189.39	6,516,189.39
2019	4,315,000.00	2,163,396.26	6,478,396.26
2020	4,455,000.00	1,969,275.01	6,424,275.01
2021	4,590,000.00	1,791,531.26	6,381,531.26
2022	4,725,000.00	1,607,343.76	6,332,343.76
2023	4,870,000.00	1,416,158.76	6,286,158.76
2024	5,015,000.00	1,218,503.76	6,233,503.76
2025	5,185,000.00	1,004,063.76	6,189,063.76
2026	3,965,000.00	802,793.76	4,767,793.76
2027	2,850,000.00	659,225.00	3,509,225.00
2028	2,980,000.00	541,662.50	3,521,662.50
2029	3,110,000.00	415,012.50	3,525,012.50
2030	3,255,000.00	282,837.50	3,537,837.50
2031	<u>3,400,000.00</u>	<u>144,500.00</u>	3,544,500.00
	\$ <u>79,395,000.00</u>	\$ <u>33,874,917.09</u>	\$ <u>113,269,917.09</u>

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

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

School Bonds

\$24,820,000 of 2002 bonds due in annual installments of \$1,230,000 to \$1,295,000 through August 2025 at variable interest rates of 4% to 5%	\$ 19,070,000.00
\$46,200,000 of 2007 bonds due in annual installments of \$400,000 to \$3,400,000 through April 2031 at variable interest rates of 3.750% to 5%	46,200,000.00
\$14,125,000 of 2010 bonds due in annual installments of \$675,000 to \$1,330,000 through September 2024 at variable interest rates of 2% to 3.3%	<u>14,125,000.00</u>
	<u>\$ 79,395,000.00</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, 2011, 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>
2010	\$4,667,819,337.00
2009	4,843,255,631.00
2008	<u>5,119,874,932.00</u>
	<u>\$14,630,949,900.00</u>
Average equalized valuation of property	\$4,876,983,300.00
School borrowing margin (4% of \$4,876,983,300.00)	\$195,079,332.00
Net bonded school debt and authorized but not issued as of June 30, 2011	<u>79,395,000.00</u>
School borrowing power available	<u>\$115,684,332.00</u>

Bonds Authorized But Not Issued

As of June 30, 2011 the District had \$739,763 bonds authorized but not issued.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

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.

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 eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions - Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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 member's accounts.

Significant Legislation – Chapter 103, P.L. 2007 changed the contribution rate of the TPAF and PERS to 5.5% of annual compensation; imposed an annual maximum contribution base for members hired on or after July 1, 2007; and amended the early retirement reduction formula for new members. Any members of the system enrolled on or after July 1, 2007 must be at least 60 years of age in order to retire without a reduction in their retirement allowance. In addition, the funding of the postretirement medical benefits through the TPAF was eliminated. Chapter 92, P.L. 2007 changed the pension loan interest rate to 4.69% per annum. The legislation also removed language from the existing law that permitted the State Treasurer to reduce employer pension contributions needed to fund the system when excess assets are available.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 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. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements

Year June 30,	<u>Three-Year Trend Information for PERS</u>			Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed		
2011	\$ 841,977.00	100.00%	\$	841,977.00
2010	634,166.00	100.00%		634,166.00
2009	509,948.33	100.00%		509,948.33

During the fiscal years ended June 30, 2011, 2010, and 2009, the State of New Jersey did not contribute to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,366,158.07 during the year ended June 30, 2011 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 combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 6: OTHER POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010, and 2009 were \$2,057,589.00, \$1,891,043.00, and \$1,755,155.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 7: 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.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 8: CONTINGENCIES

The Board 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 2010-2011 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be 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. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. 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>
2010-11	\$ 553.85	\$ 338,494.68	\$ 470,494.93	\$ 286,059.30
2009-10	606.90	319,325.55	143,701.46	417,505.70
2008-09	1,920.35	107,991.76	110,493.96	241,274.71

NOTE 10: FUND BALANCE APPROPRIATED – BUDGETARY BASIS

General Fund - Of the \$5,384,339.98 in General Fund Balance at June 30, 2011, \$463,227.16 has been restricted in the Capital Reserve Account; \$1,881,735.12 has been restricted as excess surplus resulting from the year ended June 30, 2011, \$1,600,000 is committed and has been appropriated and included as anticipated revenue for the year ended June 30, 2012; and \$1,594,690.70 is unassigned.

NOTE 11: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the designation for Reserved Fund Balance Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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. The excess fund balance resulting from the year ended June 30, 2011 is \$1,881,735.12.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 11: CALCULATION OF EXCESS SURPLUS (CONTINUED)

General Fund Expenditures Fiscal Year Ended June 30, 2011	\$70,839,039.18
Less:	
On-behalf TPAF Pension and Social Security Reimbursement and assets acquired under capital leases	<u>4,726,304.27</u>
Adjusted General Fund Expenditures	66,112,734.91
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2010-11 General Fund Expenditures	1,322,254.70
Add: Allowable Adjustments	272,436.00
Maximum Unreserved/Undesignated Fund Balance	1,594,690.70
Actual Unreserved/Undesignated Fund Balance	<u>3,476,425.82</u>
General Fund Expenditures:	
Excess Surplus	<u><u>\$1,881,735.12</u></u>

NOTE 12: 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. The balance remaining in the reserve as of June 30, 2011 is \$463,227.16.

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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Township of Montgomery School District
Notes to the Financial Statements
June 30, 2011

NOTE 12: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010		\$227,508.28
Increased by:		
Interest earnings	\$511.46	
Board resolution	150,000.00	
Closeout completed projects	85,207.42	
		235,718.88
Ending balance, June 30, 2011		\$463,227.16

NOTE 13: 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, 2011.

NOTE 14: INTERFUNDS

The following interfund balances remained on the District's balance sheet at June 30, 2011:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$313,330.52	
Special Revenue Fund		\$267,612.19
Capital Projects Fund		45,718.33
	\$313,330.52	\$313,330.52

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

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
 SHEET #1

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$ 63,359,787.00	\$	\$ 63,359,787.00	\$ 63,359,787.00	\$
Tuition	50,958.00		50,958.00	89,362.16	38,404.16
Interest earned on capital reserve				511.46	511.46
Unrestricted miscellaneous	668,500.00		668,500.00	679,794.98	11,294.98
Total revenues-local sources	\$ 64,079,245.00	\$	\$ 64,079,245.00	\$ 64,129,455.60	\$ 50,210.60
State sources:					
Extraordinary aid	\$ 350,000.00	\$	\$ 350,000.00	\$ 556,316.00	\$ 206,316.00
Categorical special education aid	1,871,805.00		1,871,805.00	1,871,805.00	
Transportation Aid				66,120.00	66,120.00
On -behalf TPAF post retirement contribution (non-budgeted)				2,057,589.00	2,057,589.00
On -behalf TPAF non-contributory insurance (non-budgeted)				96,873.00	96,873.00
Reimbursed TPAF social security cont. (non-budgeted)				2,364,993.27	2,364,993.27
Total - state sources	\$ 2,221,805.00	\$	\$ 2,221,805.00	\$ 7,013,696.27	\$ 4,791,891.27
Total revenues	\$ 66,301,050.00	\$	\$ 66,301,050.00	\$ 71,143,151.87	\$ 4,842,101.87
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	\$ 395,960.00	\$ (17,533.00)	\$ 378,427.00	\$ 378,426.12	\$ 0.88
Grades 1-5	7,536,973.00	47,962.00	7,584,935.00	7,474,525.11	110,409.89
Grades 6-8	5,115,160.00	110,876.00	5,226,036.00	5,188,907.92	37,128.08
Grades 9-12	7,167,185.00	(17,856.00)	7,149,329.00	7,038,054.04	111,274.96
Regular programs - home instruction:					
Salaries of teachers	75,000.00	(3,500.00)	71,500.00	50,934.85	20,565.15
Purchased professional-educational services	16,000.00	3,500.00	19,500.00	18,992.30	507.70
Regular programs - undistributed instruction:					
Other salaries for instruction	209,455.00	(29,449.00)	180,006.00	173,217.89	6,788.11
Purchased technical services	2,875.00		2,875.00	2,400.00	475.00
Other purchased services (400-500 series)	350,532.00	(4,331.00)	346,201.00	284,206.83	61,994.17
General supplies	928,855.00	(25,318.00)	903,537.00	819,204.15	84,332.85
Textbooks	250,574.00	(59,712.00)	190,862.00	158,797.76	32,064.24
Other objects	1,000.00	212.00	1,212.00	1,136.00	76.00
Total regular programs	\$ 22,049,569.00	\$ 4,851.00	\$ 22,054,420.00	\$ 21,588,802.97	\$ 465,617.03
Learning and/or language disabilities:					
Salaries of teachers	\$ 428,686.00	\$ 280,955.00	\$ 709,641.00	\$ 708,522.35	\$ 1,118.65
Other salaries for instruction	383,573.00	(32,455.00)	351,118.00	351,091.34	26.66
General supplies	26,162.00		26,162.00	13,124.09	13,037.91
Total learning and/or language disabilities	\$ 838,421.00	\$ 248,500.00	\$ 1,086,921.00	\$ 1,072,737.78	\$ 14,183.22

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
SHEET #2

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ ENCUMBRANCES</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Resource room:					
Salaries of teachers	\$ 3,524,098.00	\$ (203,589.00)	\$ 3,320,509.00	\$ 3,314,457.60	\$ 6,051.40
Other salaries for instruction	206,740.00	(80,319.00)	126,421.00	125,499.88	921.12
General supplies	38,700.00	(6,050.00)	32,650.00	22,558.67	10,091.33
Total resource room	<u>\$ 3,769,538.00</u>	<u>\$ (289,958.00)</u>	<u>\$ 3,479,580.00</u>	<u>\$ 3,462,516.15</u>	<u>\$ 17,063.85</u>
Autism:					
Salaries of teachers	\$ 197,248.00	\$ (115,800.00)	\$ 81,448.00	\$ 80,730.00	\$ 718.00
Other salaries for instruction	81,065.00	(23,457.00)	57,608.00	56,340.69	1,267.31
General supplies	6,480.00		6,480.00	941.70	5,538.30
Total autism	<u>\$ 284,793.00</u>	<u>\$ (139,257.00)</u>	<u>\$ 145,536.00</u>	<u>\$ 138,012.39</u>	<u>\$ 7,523.61</u>
Preschool disabilities - part-time:					
Salaries of teachers	\$ 137,362.00	\$ 46,889.00	\$ 184,251.00	\$ 184,159.80	\$ 91.20
Other salaries for instruction	137,127.00	(31,870.00)	105,257.00	93,144.16	12,112.84
General supplies	5,400.00		5,400.00	565.16	4,834.84
Total preschool disabilities - part-time	<u>\$ 279,889.00</u>	<u>\$ 15,019.00</u>	<u>\$ 294,908.00</u>	<u>\$ 277,869.12</u>	<u>\$ 17,038.88</u>
Total special education	<u>\$ 5,172,641.00</u>	<u>\$ (165,696.00)</u>	<u>\$ 5,006,945.00</u>	<u>\$ 4,951,135.44</u>	<u>\$ 55,809.56</u>
Basic skills/remedial:					
Salaries of teachers	\$ 1,010,190.00	\$ 47,412.00	\$ 1,057,602.00	\$ 955,324.23	\$ 102,277.77
General supplies	14,400.00		14,400.00	8,544.78	5,855.22
Textbooks	4,140.00		4,140.00		4,140.00
Total basic skills/remedial	<u>\$ 1,028,730.00</u>	<u>\$ 47,412.00</u>	<u>\$ 1,076,142.00</u>	<u>\$ 963,869.01</u>	<u>\$ 112,272.99</u>
Bilingual education:					
Salaries of teachers	\$ 174,380.00		\$ 174,380.00	\$ 173,847.50	\$ 532.50
General supplies	1,080.00		1,080.00	148.87	931.13
Textbooks	1,350.00		1,350.00		1,350.00
Total bilingual education	<u>\$ 176,810.00</u>	<u>\$</u>	<u>\$ 176,810.00</u>	<u>\$ 173,996.37</u>	<u>\$ 2,813.63</u>
School sponsored cocurricular activities:					
Salaries	\$ 277,418.00	\$ 25,000.00	\$ 302,418.00	\$ 288,534.20	\$ 13,883.80
Purchased services (300-500 series)	8,800.00	(1,500.00)	7,300.00	3,501.00	3,799.00
Supplies and Materials	31,910.00	(297.00)	31,613.00	17,107.11	14,505.89
Other objects	28,970.00		28,970.00	16,322.00	12,648.00
Total school sponsored cocurricular activities	<u>\$ 347,098.00</u>	<u>\$ 23,203.00</u>	<u>\$ 370,301.00</u>	<u>\$ 325,464.31</u>	<u>\$ 44,836.69</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
SHEET #3

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ ENCUMBRANCES</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
School sponsored athletics:					
Salaries	\$ 619,861.00	\$ (20,488.00)	\$ 599,373.00	\$ 557,434.00	\$ 41,939.00
Purchased services (300-500 series)	99,234.00	(3,662.00)	95,572.00	86,720.38	8,851.62
Supplies and materials	89,342.00	650.00	89,992.00	81,705.06	8,286.94
Other objects	30,028.00	4,244.00	34,272.00	32,246.00	2,026.00
Transfers to cover deficit (agency funds)	77,925.00	(1,106.00)	76,819.00	69,178.00	7,641.00
Total school sponsored athletics	<u>\$ 916,390.00</u>	<u>\$ (20,362.00)</u>	<u>\$ 896,028.00</u>	<u>\$ 827,283.44</u>	<u>\$ 68,744.56</u>
Instruction:					
Salaries	\$ 15,132.00	\$	\$ 15,132.00	\$ 10,826.10	\$ 4,305.90
Total instruction	<u>\$ 15,132.00</u>	<u>\$</u>	<u>\$ 15,132.00</u>	<u>\$ 10,826.10</u>	<u>\$ 4,305.90</u>
Total other instructional programs	<u>\$ 2,484,160.00</u>	<u>\$ 50,253.00</u>	<u>\$ 2,534,413.00</u>	<u>\$ 2,301,439.23</u>	<u>\$ 232,973.77</u>
Total - instruction	<u>\$ 29,706,370.00</u>	<u>\$ (110,592.00)</u>	<u>\$ 29,595,778.00</u>	<u>\$ 28,841,377.64</u>	<u>\$ 754,400.36</u>
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-regular	\$ 49,800.00	\$ (25,800.00)	\$ 24,000.00	\$	\$ 24,000.00
Tuition to other LEA's within the state-special	858,362.00	(190,703.00)	667,659.00	625,898.92	41,760.08
Tuition to county voc school district-regular	30,940.00		30,940.00	23,440.00	7,500.00
Tuition to county voc school district-special	18,440.00		18,440.00	18,440.00	
Tuition to CDDS & Regular Day Schools	98,874.00	(24,000.00)	74,874.00	62,478.00	12,396.00
Tuition to private school for the disabled within state	1,326,666.00	(142,100.00)	1,184,566.00	1,146,011.70	38,554.30
Tuition to private school for the disabled & other LEA's	83,996.00		83,996.00	19,625.00	64,371.00
Tuition - state facilities	39,000.00		39,000.00	39,000.00	
Tuition - other	293,394.00	116,900.00	410,294.00	391,402.21	18,891.79
Total undistributed expenditures - instruction	<u>\$ 2,799,472.00</u>	<u>\$ (265,703.00)</u>	<u>\$ 2,533,769.00</u>	<u>\$ 2,326,295.83</u>	<u>\$ 207,473.17</u>
Attendance & Social Work:					
Salaries	\$ 8,240.00	\$ 1.00	\$ 8,241.00	\$ 8,240.32	\$ 0.68
Total attendance & social work	<u>\$ 8,240.00</u>	<u>\$ 1.00</u>	<u>\$ 8,241.00</u>	<u>\$ 8,240.32</u>	<u>\$ 0.68</u>
Health services:					
Salaries	\$ 532,624.00	\$ 4,257.00	\$ 536,881.00	\$ 529,008.29	\$ 7,872.71
Purchased professional and technical services	15,000.00	(500.00)	14,500.00	14,500.00	
Other purchased services (400-500 series)	1,750.00	(875.00)	875.00	700.00	175.00
Supplies and materials	20,469.00		20,469.00	17,613.73	2,855.27
Total health services	<u>\$ 569,843.00</u>	<u>\$ 2,882.00</u>	<u>\$ 572,725.00</u>	<u>\$ 561,822.02</u>	<u>\$ 10,902.98</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
 SHEET #4

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - student related services:					
Salaries	\$ 714,093.00	\$ (304.00)	\$ 713,789.00	\$ 708,417.55	\$ 5,371.45
Purchased professional - educational services	211,000.00	(13,320.00)	197,680.00	182,512.50	15,167.50
Supplies and materials	21,060.00		21,060.00	8,598.34	12,461.66
Other objects	2,000.00		2,000.00	755.00	1,245.00
Total other support services - students related services	<u>\$ 948,153.00</u>	<u>\$ (13,624.00)</u>	<u>\$ 934,529.00</u>	<u>\$ 900,283.39</u>	<u>\$ 34,245.61</u>
Other support services - student extra services:					
Salaries	\$ 320,075.00	\$ 156,630.00	\$ 476,705.00	\$ 473,191.92	\$ 3,513.08
Purchased professional - educational services	36,000.00	34,815.00	70,815.00	68,339.88	2,475.12
Total other support services - student extra services	<u>\$ 356,075.00</u>	<u>\$ 191,445.00</u>	<u>\$ 547,520.00</u>	<u>\$ 541,531.80</u>	<u>\$ 5,988.20</u>
Other support services - students - regular:					
Salaries of other professional staff	\$ 1,025,808.00	\$ (15,849.00)	\$ 1,009,959.00	\$ 1,009,955.96	\$ 3.04
Salaries of secretarial & clerical assistants	87,575.00	26,746.00	114,321.00	114,115.80	205.20
Other salaries	81,639.00	(1,644.00)	79,995.00	79,994.88	0.12
Other purchased professional and technical services	25,454.00	(4,365.00)	21,089.00	20,488.15	600.85
Other purchased services (400-500 series)	9,365.00	(6,830.00)	2,535.00		2,535.00
Supplies and materials	19,305.00	(5,000.00)	14,305.00	11,292.14	3,012.86
Other objects	1,204.00	(659.00)	545.00	455.00	90.00
Total other support services - students - regular	<u>\$ 1,250,350.00</u>	<u>\$ (7,601.00)</u>	<u>\$ 1,242,749.00</u>	<u>\$ 1,236,301.93</u>	<u>\$ 6,447.07</u>
Other support services - students - special services:					
Salaries of other professional staff	\$ 1,019,430.00	\$ 52,449.00	\$ 1,071,879.00	\$ 1,038,587.49	\$ 33,291.51
Salaries of secretarial and clerical assistants	212,704.00	(201.00)	212,503.00	205,381.57	7,121.43
Other salaries	2,300.00	(990.00)	1,310.00	1,310.00	
Purchased professional-educational services	30,000.00	6,000.00	36,000.00	35,322.00	678.00
Other purchased professional and technical services	6,400.00	(665.00)	5,735.00	5,735.00	
Misc. purchased services (400-500 series)	16,434.00	(815.00)	15,619.00	10,822.36	4,796.64
Supplies and materials	25,704.00		25,704.00	21,765.87	3,938.13
Total other support services - students - special services	<u>\$ 1,312,972.00</u>	<u>\$ 55,778.00</u>	<u>\$ 1,368,750.00</u>	<u>\$ 1,318,924.29</u>	<u>\$ 49,825.71</u>
Improvement of instructional services:					
Salaries of supervisor of instruction	\$ 528,457.00	\$ 48,809.00	\$ 577,266.00	\$ 303,503.64	\$ 273,762.36
Salaries of other professional staff	74,152.00	(11,990.00)	62,162.00	35,930.00	26,232.00
Salaries of secretarial and clerical assistants	59,203.00	0.20	59,203.20	38,867.50	20,335.70
Salaries of facilitators, math, & literacy coaches	27,060.00	(14,350.00)	12,710.00	5,556.25	7,153.75
Purchased professional-educational services	1,300.00		1,300.00	1,270.00	30.00
Other purchased services (400-500 series)	8,500.00	(4,000.00)	4,500.00	27.65	4,472.35
Supplies and materials	51,017.00		51,017.00	46,507.43	4,509.57
Other objects	9,720.00		9,720.00	5,028.00	4,692.00
Total improvement of instructional services	<u>\$ 759,409.00</u>	<u>\$ 18,469.20</u>	<u>\$ 777,878.20</u>	<u>\$ 436,690.47</u>	<u>\$ 341,187.73</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
 SHEET #5

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Educational media services/school library:					
Salaries	\$ 827,440.00	\$ (10,453.00)	\$ 816,987.00	\$ 789,587.56	\$ 27,399.44
Purchased professional and technical services	9,170.00		9,170.00	9,167.49	2.51
Other purchased services (400-500 series)	38,919.00	(1,186.00)	37,733.00	29,912.45	7,820.55
Supplies and materials	130,358.00	(12.00)	130,346.00	121,627.14	8,718.86
Total educational media services/school library	<u>\$ 1,005,887.00</u>	<u>\$ (11,651.00)</u>	<u>\$ 994,236.00</u>	<u>\$ 950,294.64</u>	<u>\$ 43,941.36</u>
Instructional staff training services:					
Salaries of supervisor of instruction	\$ 178,530.00	\$ 12,436.00	\$ 190,966.00	\$ 177,822.34	\$ 13,143.66
Salaries of other professional staff	161,977.00	(49,735.00)	112,242.00	14,762.50	97,479.50
Salaries of secretarial and clerical assistants	25,373.00	(2,504.20)	22,868.80	16,657.50	6,211.30
Other salaries	3,000.00		3,000.00		3,000.00
Purchased professional-educational services	36,500.00	(22,190.00)	14,310.00	4,093.42	10,216.58
Other purchased services (400-500 series)	41,780.00	(23,053.00)	18,727.00	12,640.48	6,086.52
Supplies and materials	35,903.00	(15,039.00)	20,864.00	12,476.17	8,387.83
Total instructional staff training services	<u>\$ 483,063.00</u>	<u>\$ (100,085.20)</u>	<u>\$ 382,977.80</u>	<u>\$ 238,452.41</u>	<u>\$ 144,525.39</u>
Support services general administration:					
Salaries	\$ 514,274.00	\$ 10,215.00	\$ 524,489.00	\$ 477,317.97	\$ 47,171.03
Legal services	307,000.00	42,000.00	349,000.00	345,424.69	3,575.31
Audit fees	30,000.00	(4,000.00)	26,000.00	26,000.00	
Architectural / engineering services	10,000.00		10,000.00	85.00	9,915.00
Other purchased professional services	33,200.00		33,200.00	10,485.50	22,714.50
Communications/Telephone	94,331.00	2,491.00	96,822.00	57,570.83	39,251.17
BOE Other Purchased Service	2,400.00	(1,000.00)	1,400.00		1,400.00
Other purchased services (400-500)	245,432.00	11,258.00	256,690.00	253,174.51	3,515.49
General supplies	6,580.00		6,580.00	5,203.07	1,376.93
BOE in-house training / meeting supplies	1,000.00		1,000.00		1,000.00
Miscellaneous expenditures	5,200.00		5,200.00	2,871.50	2,328.50
BOE membership dues and fees	25,456.00		25,456.00	23,178.10	2,277.90
Total support services general administration	<u>\$ 1,274,873.00</u>	<u>\$ 60,964.00</u>	<u>\$ 1,335,837.00</u>	<u>\$ 1,201,311.17</u>	<u>\$ 134,525.83</u>
Support services school administration:					
Salaries of principals/asst. principals	\$ 1,551,989.00	\$ 6,449.00	\$ 1,558,438.00	\$ 1,532,709.65	\$ 25,728.35
Salaries of other professional staff	373,159.00	165,252.00	538,411.00	537,006.36	1,404.64
Salaries of secretarial and clerical assistants	634,922.00	36,579.00	671,501.00	668,607.61	2,893.39
Other purchased services (400-500 series)	21,485.00	(10,415.00)	11,070.00	7,064.62	4,005.38
Supplies and materials	77,964.00	867.00	78,831.00	65,631.70	13,199.30
Other objects	22,172.00		22,172.00	12,094.00	10,078.00
Total support services school administration	<u>\$ 2,681,691.00</u>	<u>\$ 198,732.00</u>	<u>\$ 2,880,423.00</u>	<u>\$ 2,823,113.94</u>	<u>\$ 57,309.06</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
 SHEET #6

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Central services:					
Salaries	\$ 906,550.00	\$ 12,189.00	\$ 918,739.00	\$ 894,378.64	\$ 24,360.36
Purchased professional services	10,000.00	(1,000.00)	9,000.00	1,500.00	7,500.00
Purchased technical services	46,500.00	(311.00)	46,189.00	46,189.00	
Misc. purchased services (400-500 series)	36,591.00	(9,578.00)	27,013.00	10,125.88	16,887.12
Supplies and materials	24,730.00	2,250.00	26,980.00	25,337.34	1,642.66
Miscellaneous expenditures	9,440.00	(1,000.00)	8,440.00	4,907.00	3,533.00
Total central services:	<u>\$ 1,033,811.00</u>	<u>\$ 2,550.00</u>	<u>\$ 1,036,361.00</u>	<u>\$ 982,437.86</u>	<u>\$ 53,923.14</u>
Admin. Info. Technology:					
Salaries	\$ 48,620.00		\$ 48,620.00	\$ 47,751.12	\$ 868.88
Other purchased services (400-500 series)	55,857.00	(1,300.00)	54,557.00	54,556.81	0.19
Supplies and materials	53,528.00	70.00	53,598.00	52,075.23	1,522.77
Total admin. info. technology	<u>\$ 158,005.00</u>	<u>\$ (1,230.00)</u>	<u>\$ 156,775.00</u>	<u>\$ 154,383.16</u>	<u>\$ 2,391.84</u>
Total Central Services & Admin Info Technology	<u>\$ 1,191,816.00</u>	<u>\$ 1,320.00</u>	<u>\$ 1,193,136.00</u>	<u>\$ 1,136,821.02</u>	<u>\$ 56,314.98</u>
Required maintenance for school facilities:					
Salaries	\$ 484,911.00		\$ 484,911.00	\$ 474,877.96	\$ 10,033.04
Cleaning, repair and maintenance services	486,645.00	(92,742.00)	393,903.00	207,034.16	186,868.84
General supplies	165,499.00	2,000.00	167,499.00	107,502.54	59,996.46
Total required maintenance for school facilities	<u>\$ 1,137,055.00</u>	<u>\$ (90,742.00)</u>	<u>\$ 1,046,313.00</u>	<u>\$ 789,414.66</u>	<u>\$ 256,898.34</u>
Custodial services:					
Salaries	\$ 1,989,664.00	\$ (37,372.00)	\$ 1,952,292.00	\$ 1,815,315.83	\$ 136,976.17
Purchased professional and technical services	66,500.00	(1,729.00)	64,771.00	54,122.20	10,648.80
Cleaning, repair and maint. services	404,150.00	(2,221.00)	401,929.00	317,402.52	84,526.48
Other purchased property services	481,886.00	(9,151.00)	472,735.00	430,034.15	42,700.85
Insurance	195,972.00		195,972.00	195,972.00	
Miscellaneous Purchased Services	23,090.00	(5,044.00)	18,046.00	10,369.80	7,676.20
General supplies	195,525.00	(70.00)	195,455.00	191,565.69	3,889.31
Energy (heat and electricity)	1,536,211.00	25,000.00	1,561,211.00	1,551,172.27	10,038.73
Other objects	17,950.00		17,950.00	6,173.00	11,777.00
Energy (natural gas)	1,031,050.00	(214,125.00)	816,925.00	515,590.13	301,334.87
Total custodial services	<u>\$ 5,941,998.00</u>	<u>\$ (244,712.00)</u>	<u>\$ 5,697,286.00</u>	<u>\$ 5,087,717.59</u>	<u>\$ 609,568.41</u>
Care and upkeep of grounds:					
Salaries	\$ 205,395.00		\$ 205,395.00	\$ 189,440.88	\$ 15,954.12
Cleaning, repair and maint. services	71,400.00	(30,000.00)	41,400.00	25,985.59	15,414.41
General supplies	50,490.00	30,000.00	80,490.00	57,283.18	23,206.82
	<u>\$ 327,285.00</u>	<u>\$</u>	<u>\$ 327,285.00</u>	<u>\$ 272,709.65</u>	<u>\$ 54,575.35</u>
Operation and Maintenance of Plant Services	<u>\$ 7,406,338.00</u>	<u>\$ (335,454.00)</u>	<u>\$ 7,070,884.00</u>	<u>\$ 6,149,841.90</u>	<u>\$ 921,042.10</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
 SHEET #7

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Student transportation services:					
Salaries of non-instructional aides	\$ 155,201.00	\$ 3,110.00	\$ 158,311.00	\$ 147,581.39	\$ 10,729.61
Sal. for pupil Trans. (between home & school) - Reg.	1,138,878.00	25,888.00	1,164,766.00	1,090,804.60	73,961.40
Sal. for pupil Trans. (between home & school) - Spec. Ed.	314,530.00	(5,606.00)	308,924.00	283,938.99	24,985.01
Sal. for pupil Trans. (other than between home & school)	196,267.00	(20,190.00)	176,077.00	151,750.94	24,326.06
Other purchased professional and technical services	23,393.00		23,393.00	14,753.24	8,639.76
Cleaning, repair, & maintenance services	28,000.00		28,000.00	26,342.51	1,657.49
Lease purchase payments - school buses	199,937.00	(14,549.00)	185,388.00	185,306.83	81.17
Contracted services (between home & school)-vendors	47,736.00	(547.00)	47,189.00	47,188.55	0.45
Contracted services (other than bet. home & school)-vend.	20,000.00		20,000.00	14,208.00	5,792.00
Contracted services (bet. home & school)-joint agreements	7,072.00		7,072.00	2,775.00	4,297.00
Contracted services (Spec. Ed. Students) - joint agreements	18,000.00	(18,000.00)			
Contracted services (Reg. Students) - ESC's & CTSA's	1,444,862.00		1,444,862.00	1,444,862.00	
Contracted services (Spec. Ed. Students) - ESC's & CTSA's	694,088.00	(30,462.00)	663,626.00	574,435.46	89,190.54
Contracted services - aid in lieu of payments-NonPub Sch	362,440.00		362,440.00	335,820.50	26,619.50
Miscellaneous purchased services - Transportation	26,659.00	(2,554.00)	24,105.00	23,997.18	107.82
General Supplies	15,332.00	(9,059.00)	6,273.00	6,051.91	221.09
Transportation supplies	283,941.00	36,969.00	320,910.00	320,909.58	0.42
Other Objects	3,910.00		3,910.00	3,575.00	335.00
Total student transportation services	\$ 4,980,246.00	\$ (35,000.00)	\$ 4,945,246.00	\$ 4,674,301.68	\$ 270,944.32
Unallocated benefits - employee benefits:					
Group insurance	\$ 48,000.00		\$ 48,000.00	\$ 41,828.21	\$ 6,171.79
Social security contributions	809,451.00		809,451.00	781,761.43	27,689.57
Other retirement contributions - regular	690,576.00	158,733.00	849,309.00	845,914.33	3,394.67
Unemployment		235,000.00	235,000.00	235,000.00	
Workers compensation	364,901.00	17,636.00	382,537.00	381,756.28	780.72
Health benefits	10,590,040.00	(179,497.00)	10,410,543.00	10,071,832.87	338,710.13
Tuition reimbursements	9,000.00	4,800.00	13,800.00	8,063.25	5,736.75
Other employee benefits	145,614.00	113,447.00	259,061.00	231,138.09	27,922.91
Total unallocated benefits - employee benefits:	\$ 12,657,582.00	\$ 350,119.00	\$ 13,007,701.00	\$ 12,597,294.46	\$ 410,406.54
				\$ 2,057,589.00	\$ (2,057,589.00)
On -behalf TPAF post retirement contribution (non-budgeted)				96,873.00	(96,873.00)
On -behalf TPAF non-contributory insurance (non-budgeted)				2,364,993.27	(2,364,993.27)
Reimbursed TPAF social security cont. (non-budgeted)				\$ 4,519,455.27	\$ (4,519,455.27)
Total Undistributed Expenditures	\$ 39,686,010.00	\$ 110,592.00	\$ 39,796,602.00	\$ 41,620,976.54	\$ (1,288,830.94)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	\$ 69,392,380.00	\$	\$ 69,392,380.00	\$ 70,462,354.18	\$ (534,430.58)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT "C-1"
 SHEET #8

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
CAPITAL OUTLAY:					
Other Objects	\$ 169,836.00	\$	\$ 169,836.00	\$ 169,836.00	\$
Assets acquired under capital leases (non-budgeted)				206,849.00	(206,849.00)
TOTAL CAPITAL OUTLAY	\$ 169,836.00	\$	\$ 169,836.00	\$ 376,685.00	\$ (206,849.00)
TOTAL EXPENDITURES	\$ 69,562,216.00	\$	\$ 69,562,216.00	\$ 70,839,039.18	\$ (741,279.58)
 Excess (deficiency) of revenues Over (under) expenditures	 \$ (3,261,166.00)	 \$	 \$ (3,261,166.00)	 \$ 304,112.69	 \$ 3,565,278.69
Other financing sources (uses):					
Capital leases (non-budgeted)				\$ 206,849.00	\$ 206,849.00
Operating transfers in - capital projects fund interest				45,718.33	45,718.33
Operating transfers in - capital projects fund				85,207.42	85,207.42
Total other financing sources (uses)				<u>\$ 337,774.75</u>	<u>\$ 337,774.75</u>
 Excess (deficiency) of revenues and other financing sources Over (under) expenditures and other financing sources(uses)	 \$ (3,261,166.00)	 \$	 \$ (3,261,166.00)	 \$ 641,887.44	 \$ 3,903,053.44
 Fund balance, July 1	 \$ 4,897,765.54	 \$	 \$ 4,897,765.54	 \$ 4,897,765.54	 \$
 Fund balance, June 30	 \$ 1,636,599.54	 \$	 \$ 1,636,599.54	 \$ 5,539,652.98	 \$ 3,903,053.44
 Recapitulation:					
Capital reserve				\$ 463,227.16	
Excess fund balance - current year				1,881,735.12	
Committed - designated for subsequent year's expenditures				1,600,000.00	
Unassigned Fund Balance				<u>1,594,690.70</u>	
				<u>\$ 5,539,652.98</u>	
 Reconciliation to Government Fund Statements					
Last State aid payments not recognized on GAAP basis				\$ (155,313.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,384,339.98</u>	

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDED JUNE 30, 2011

	<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	\$ 93,360.00	\$ (7,608.00)	\$ 85,752.00	\$ 79,439.02	\$ 6,312.98
Federal sources	802,581.00	1,350,787.97	2,153,368.97	1,954,246.02	199,122.95
Other sources		85,342.42	85,342.42	57,986.54	27,355.88
Total revenues	\$ 895,941.00	\$ 1,428,522.39	\$ 2,324,463.39	\$ 2,091,671.58	\$ 232,791.81
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 9,735.00	\$ 35,692.40	\$ 45,427.40	\$ 44,727.40	\$ 700.00
Purchased professional & technical services	93,360.00	(22,727.00)	70,633.00	64,320.02	6,312.98
Other purchased services	20,262.00	(17,562.00)	2,700.00	385.56	2,314.44
Tuition	724,147.00	372,168.92	1,096,315.92	1,000,057.45	96,258.47
General supplies		109,667.45	109,667.45	86,337.22	23,330.23
Textbooks		15,119.00	15,119.00	15,119.00	
Total instruction	\$ 847,504.00	\$ 492,358.77	\$ 1,339,862.77	\$ 1,210,946.65	\$ 128,916.12
Support services:					
Other salaries		\$ 161,859.77	\$ 161,859.77	\$ 132,362.32	\$ 29,497.45
Purchased professional & technical services		149,519.00	149,519.00	89,506.07	60,012.93
Purchased prof. educational services		86,757.82	86,757.82	86,280.00	477.82
Personal services - employee benefits		37,112.08	37,112.08	35,072.79	2,039.29
Other purchased services	48,437.00	1,969.50	50,406.50	48,156.50	2,250.00
Supplies and materials		135,985.46	135,985.46	126,389.26	9,596.20
Total support services	\$ 48,437.00	\$ 573,203.63	\$ 621,640.63	\$ 517,766.94	\$ 103,873.69
Facilities acquisition & construction services:					
Buildings		\$ 355,800.00	\$ 355,800.00	\$ 355,800.00	\$
Instructional equipment		7,159.99	7,159.99	7,157.99	2.00
Total facilities acquisition & construction services:	\$	\$ 362,959.99	\$ 362,959.99	\$ 362,957.99	\$ 2.00
Total expenditures	\$ 895,941.00	\$ 1,428,522.39	\$ 2,324,463.39	\$ 2,091,671.58	\$ 232,791.81

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 71,143,151.87	\$ 2,091,671.58
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(33,997.29)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	519,719.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(155,313.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 71,507,557.87	\$ 2,057,674.29
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 70,839,039.18	\$ 2,091,671.58
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		(33,997.29)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 70,839,039.18	\$ 2,057,674.29

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ARRA IDEA Basic	ARRA IDEA Preschool	IDEA Basic	IDEA Basic Carryover	IDEA Preschool	Title II Part A	Title II Part A Carryover
REVENUES:							
State sources	\$	\$	\$	\$	\$	\$	\$
Federal sources	924,735.26	26,733.28	700,589.49	1,395.00	23,999.00	26,593.19	25,491.85
Other sources							
Total revenues	\$ 924,735.26	\$ 26,733.28	\$ 700,589.49	\$ 1,395.00	\$ 23,999.00	\$ 26,593.19	\$ 25,491.85
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$	\$ 20,862.00	\$	\$	\$ 19,785.40	\$	\$
Other salaries for instruction							
Purchased professional & technical services							
Other purchased services							
Tuition	336,966.40		663,091.05				
General supplies	42,043.26	1,313.54	20,304.45				
Textbooks							
Total instruction	\$ 379,009.66	\$ 22,175.54	\$ 683,395.50	\$	\$ 19,785.40	\$	\$
Support services:							
Other salaries	\$ 57,730.40	\$	\$	\$	\$	\$ 855.00	\$ 22,577.00
Purchased professional & technical services	73,157.61	2,000.00	10,253.46	1,395.00	2,700.00		
Purchased professional educational services							
Personal services - employee benefits	27,187.59	1,557.74			1,513.60	65.41	1,727.00
Other purchased services	31,850.00	1,000.00	1,400.00			1,375.00	
Supplies and materials			5,540.53			24,297.78	1,187.85
Total support services	\$ 189,925.60	\$ 4,557.74	\$ 17,193.99	\$ 1,395.00	\$ 4,213.60	\$ 26,593.19	\$ 25,491.85
Facilities acquisition & construction services:							
Buildings	\$ 355,800.00	\$	\$	\$	\$	\$	\$
Instructional Equipment							
Total facilities acquisition & construction services:	\$ 355,800.00	\$	\$	\$	\$	\$	\$
Total expenditures	\$ 924,735.26	\$ 26,733.28	\$ 700,589.49	\$ 1,395.00	\$ 23,999.00	\$ 26,593.19	\$ 25,491.85

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TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Title III	Title III Carryover	Title IV Carryover	Teaching American History	Nonpublic Textbooks	Nonpublic Nursing	Ch. 192/193 Compensatory Education
REVENUES:							
State sources	\$	\$	\$	\$	\$ 15,119.00	\$ 17,915.00	\$ 266.25
Federal sources	2,722.75	8,589.93	7,519.00	207,777.27			
Other sources							
Total revenues	\$ 2,722.75	\$ 8,589.93	\$ 7,519.00	\$ 207,777.27	\$ 15,119.00	\$ 17,915.00	\$ 266.25
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$	\$	\$	\$ 4,080.00	\$	\$	
Other salaries for instruction							
Purchased professional & technical services						17,915.00	266.25
Other purchased services							
Tuition							
General supplies	2,722.75	7,589.93					
Textbooks					15,119.00		
Total instruction	\$ 2,722.75	\$ 7,589.93	\$	\$ 4,080.00	\$ 15,119.00	\$ 17,915.00	\$ 266.25
Support services:							
Other salaries	\$	\$	\$ 4,500.00	\$ 40,489.92	\$	\$	\$
Purchased professional & technical services							
Purchased professional educational services				86,280.00			
Personal services - employee benefits			344.00	2,677.45			
Other purchased services				14,431.50			
Supplies and materials		1,000.00	2,675.00	59,818.40			
Total support services	\$	\$ 1,000.00	\$ 7,519.00	\$ 203,697.27	\$	\$	\$
Facilities acquisition & construction services:							
Buildings	\$	\$	\$	\$	\$	\$	\$
Instructional Equipment							
Total facilities acquisition & construction services:	\$	\$	\$	\$	\$	\$	\$
Total expenditures	\$ 2,722.75	\$ 8,589.93	\$ 7,519.00	\$ 207,777.27	\$ 15,119.00	\$ 17,915.00	\$ 266.25

(Continued on next page)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Ch. 192/193 E.S.L.	Ch. 192/193 Examination & Classification	Ch. 192/193 Corrective Speech	Ch. 192/193 Supplemental Instruction	Other Local Programs	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
						TOTAL 2011	TOTAL 2010
REVENUES:							
State sources	\$ 3,074.00	\$ 23,906.69	\$ 12,697.08	\$ 6,461.00	\$	\$ 79,439.02	\$ 92,300.71
Federal sources						1,954,246.02	1,482,730.98
Other sources					57,986.54	57,986.54	64,262.85
Total revenues	\$ 3,074.00	\$ 23,906.69	\$ 12,697.08	\$ 6,461.00	\$ 57,986.54	\$ 2,091,671.58	\$ 1,639,294.54
EXPENDITURES:							
Instruction:							
Salaries of teachers						44,727.40	9,654.45
Other salaries for instruction							73,746.71
Purchased professional & technical services	3,074.00	23,906.69	12,697.08	6,461.00		64,320.02	861,390.08
Other purchased services					385.56	385.56	
Tuition						1,000,057.45	
General supplies					12,363.29	86,337.22	93,654.98
Textbooks						15,119.00	18,554.00
Total instruction	\$ 3,074.00	\$ 23,906.69	\$ 12,697.08	\$ 6,461.00	\$ 12,748.85	\$ 1,210,946.65	\$ 1,057,000.22
Support services:							
Other salaries					6,210.00	132,362.32	133,502.43
Purchased professional & technical services						89,506.07	309,054.00
Purchased professional educational services						86,280.00	
Personal services - employee benefits						35,072.79	15,930.99
Other purchased services						48,156.50	67,095.95
Supplies and materials					31,869.70	126,389.26	52,710.95
Total support services	\$	\$	\$	\$	\$ 38,079.70	\$ 517,766.94	\$ 578,294.32
Facilities acquisition & construction services:							
Buildings						355,800.00	\$
Instructional Equipment					7,157.99	7,157.99	4,000.00
Total facilities acquisition & construction services:	\$	\$	\$	\$	\$ 7,157.99	\$ 362,957.99	\$ 4,000.00
Total expenditures	\$ 3,074.00	\$ 23,906.69	\$ 12,697.08	\$ 6,461.00	\$ 57,986.54	\$ 2,091,671.58	\$ 1,639,294.54

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
YEAR THE FISCAL YEAR ENDED JUNE 30, 2011

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<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>REVISED AUTHORIZED COST</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE JUNE 30, 2011</u>
			<u>PRIOR YEAR(S)</u>	<u>CURRENT YEAR</u>	
Construction of a new high school, including a track, tennis courts and swimming pool. Renovation of existing high school to provide school facilities and administrative space. Purchase the land. The expansion of the district's bus facility. Repaving of the parking lot. Construction of a parking lot and playing field at Orchard Hill School. Acquisition and installation of furnishings, equipment, and site work.	2000	\$ 73,192,971.17	\$ 71,613,796.78	\$ 733,050.00	\$ 846,124.39
Roof Replacement - Montgomery High School	2006	474,688.00	418,755.60	55,932.40	
Sidewalk Repair	2007	151,539.00	122,263.98	29,275.02	
Orchard Hill Elementary School improvement of parking lot, partial roof replacement, renovation of two restrooms, addition of four restrooms in Kindergarten classrooms, upgrade existing chiller and pump controls, replace four pumps and pump controls in boiler room, clock system replacement, fire alarm system upgrades, asbestos abatement	2009	9,510,470.00	392,160.34	3,414,807.03	5,703,502.63
Village Elementary School repair/replace existing exterior sidewalks beneath each fire exit door, addition of two special education classrooms, replace two air handlers and unit ventilators in 100-wing, replace art room hvac controls and motors, new exhaust fan controls, interconnect existing east and west boiler controls with manual override and standardize boiler controls, and asbestos abatement	2009	2,583,418.00	386,478.26	224,857.05	1,972,082.69
Lower Middle School replace flashing at all skylights, replace existing chiller compressors, replace condenser fan motors, replace and upgrade all HVAC and exhaust vent controls, replace two air handlers in music rooms and one in nurses office, replace existing diffusers in media center, replace unit ventilators throughout, and provide power outage and surge protections.	2009	5,443,961.00	99,413.40	728,909.17	4,615,638.43
Upper Middle School new exterior doors, windows, and spandrel glass walls; new rooftop chiller for 2nd floor air conditioning and 2nd floor unit ventilators; new AC in principal's office and teachers lounge; new exhaust fans; new HVAC controls throughout school; new mechanical units in cafeteria; upgrade air conditioning units/controls in first floor classrooms facing courtyard; replace four circulator pumps; asbestos abatement.	2009	6,072,640.00	165,388.03	1,755,810.90	4,151,441.07
		<u>\$ 97,429,687.17</u>	<u>\$ 73,198,256.39</u>	<u>\$ 6,942,641.57</u>	<u>\$ 17,288,789.21</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Revenues and financing sources:</u>	
Interest earned	\$ <u>45,718.33</u>
Total revenues	\$ <u>45,718.33</u>
<u>Expenditures and financing uses:</u>	
Purchased professional and technical services	\$ 1,190,436.44
Construction services	5,866,767.13
Equipment	8,484.48
Operating Transfers Out-Capital Reserve	85,207.42
Operating Transfers Out-General Fund	<u>45,718.33</u>
Total expenditures	\$ <u>7,196,613.80</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(7,150,895.47)</u>
Net change in fund balances	\$ (7,150,895.47)
Fund balance - beginning - budgetary basis	<u>24,439,684.68</u>
Fund balance - ending - budgetary basis	\$ <u><u>17,288,789.21</u></u>
<u>Reconciliation to GAAP Basis:</u>	
Fund balance - budgetary basis	\$ 17,288,789.21
SDA grant - deferred revenue	<u>(6,616,120.91)</u>
Fund balance - GAAP basis (exhibit B-1)	\$ <u><u>10,672,668.30</u></u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF A NEW HIGH SCHOOL, RENOVATION OF EXISTING HIGH SCHOOL
AND VARIOUS OTHER IMPROVEMENTS

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 15,630,815.60	\$	\$ 15,630,815.60	\$ 15,630,815.60
Bond proceeds and transfers	54,608,184.40		54,608,184.40	54,608,184.40
Miscellaneous	810,023.17		810,023.17	810,023.17
Transfer from capital reserve	2,143,948.00		2,143,948.00	2,143,948.00
Total revenues	<u>\$ 73,192,971.17</u>	<u>\$</u>	<u>\$ 73,192,971.17</u>	<u>\$ 73,192,971.17</u>
Expenditures and Other Financing Uses				
Legal services	\$ 62,638.70	\$	\$ 62,638.70	\$
Purchased professional and technical services	4,649,556.80		4,649,556.80	
Land and improvements	4,734,058.00		4,734,058.00	
Construction services	61,390,124.64	733,050.00	62,123,174.64	
Supplies	104,679.87		104,679.87	
Equipment	548,357.32		548,357.32	
Other objects	124,381.45		124,381.45	
Total expenditures	<u>\$ 71,613,796.78</u>	<u>\$ 733,050.00</u>	<u>\$ 72,346,846.78</u>	<u>\$ 73,192,971.17</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 1,579,174.39</u>	<u>\$ (733,050.00)</u>	<u>\$ 846,124.39</u>	

Additional project information:

Project Number	201054-L
Grant Date	09/06/00
Bond Authorization Date	10/03/00
Bonds Authorized	70,239,000.00
Bonds Issued	54,608,000.00
SCC Amount	15,630,815.60
Local Share	54,608,184.40
Original Authorized Cost	70,239,000.00
Additional Authorized Cost	2,143,948.00
Revised Authorized Cost	73,192,971.17
Percentage Increase over Original Authorized Cost	3.05%
Percentage completion	99%
Original target completion date	09/2004

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
ROOF REPLACEMENT - MONTGOMERY HIGH SCHOOL

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 34,688.00	\$	\$ 34,688.00	\$ 34,688.00
Transfer from capital outlay	440,000.00		440,000.00	440,000.00
Total revenues	<u>\$ 474,688.00</u>	<u>\$</u>	<u>\$ 474,688.00</u>	<u>\$ 474,688.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 33,755.60	\$	\$ 33,755.60	\$
Construction services	385,000.00		385,000.00	
Transfer To Capital Reserve		55,932.40	55,932.40	
Total expenditures	<u>\$ 418,755.60</u>	<u>\$ 55,932.40</u>	<u>\$ 474,688.00</u>	<u>\$ 474,688.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 55,932.40</u>	<u>\$ (55,932.40)</u>	<u>\$</u>	
Additional project information:				
Project Number	3320-X01-05-1000			
Grant Date	5/26/2006			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SCC Amount	34,688.00			
Local Share	433,312.40			
Original Authorized Cost	468,000.40			
Additional Authorized Cost	6,687.60			
Revised Authorized Cost	474,688.00			
Percentage Increase over Original Authorized Cost	2.00%			
Percentage completion	100%			
Original target completion date	9/17/2005			
Revised target completion date	Complete			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
 PROJECT STATUS - BUDGETARY BASIS
 SIDEWALK REPAIRS

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from capital reserve	\$ 151,539.00	\$	\$ 151,539.00	\$ 151,539.00
Total revenues	<u>\$ 151,539.00</u>	<u>\$</u>	<u>\$ 151,539.00</u>	<u>\$ 151,539.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 18,300.48	\$	\$ 18,300.48	\$
Construction services	103,963.50		103,963.50	
Transfer To Capital Reserve		29,275.02	29,275.02	
Total expenditures	<u>\$ 122,263.98</u>	<u>\$ 29,275.02</u>	<u>\$ 151,539.00</u>	<u>\$ 151,539.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 29,275.02</u>	<u>\$ (29,275.02)</u>	<u>\$</u>	
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
SCC Amount	N/A			
Local Share	151,539.00			
Original Authorized Cost	151,539.00			
Additional Authorized Cost				
Revised Authorized Cost	151,539.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	100%			
Original target completion date	9/1/2011			
Revised target completion date	Complete			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
ORCHARD HILL ELEMENTARY SCHOOL
VARIOUS IMPROVEMENTS

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 3,800,062.73	\$	\$ 3,800,062.73	\$ 3,800,062.73
Bond proceeds and transfers	5,710,407.27	(34,449.00)	5,675,958.27	5,675,958.27
Total revenues	<u>\$ 9,510,470.00</u>	<u>\$ (34,449.00)</u>	<u>\$ 9,476,021.00</u>	<u>\$ 9,476,021.00</u>
Expenditures and Other Financing Uses				
Legal services	\$ 16,419.38	\$	\$ 16,419.38	\$
Purchased professional and technical services	338,367.72	353,457.47	691,825.19	
Construction services	71,822.24	3,026,900.56	3,098,722.80	
Total expenditures	<u>\$ 426,609.34</u>	<u>\$ 3,380,358.03</u>	<u>\$ 3,806,967.37</u>	<u>\$ 9,476,021.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 9,083,860.66</u>	<u>\$ (3,414,807.03)</u>	<u>\$ 5,669,053.63</u>	
Additional project information:				
Project Number	3320-080-09-1002			
Grant Date	1/27/2010			
Bond Authorization Date	12/8/2009			
Bonds Authorized	5,726,951.00			
Bonds Issued	5,726,951.00			
SCC Amount	3,817,968.00			
Local Share	5,726,951.00			
Original Authorized Cost	9,544,919.00			
Additional Authorized Cost				
Revised Authorized Cost	9,544,919.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	40%			
Original target completion date	9/1/2011			
Revised target completion date	9/1/2011			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VILLAGE ELEMENTARY SCHOOL
VARIOUS IMPROVEMENTS

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 797,693.00	\$	\$ 797,693.00	\$ 797,693.00
Bond proceeds and transfers	1,093,308.00	692,417.00	1,785,725.00	1,785,725.00
Total revenues	<u>\$ 1,891,001.00</u>	<u>\$ 692,417.00</u>	<u>\$ 2,583,418.00</u>	<u>\$ 2,583,418.00</u>
Expenditures and Other Financing Uses				
Legal services	\$ 16,419.37	\$	\$ 16,419.37	\$
Purchased professional and technical services	127,355.99	188,388.18	315,744.17	
Construction services		270,687.29	270,687.29	
Equipment		8,484.48	8,484.48	
Total expenditures	<u>\$ 143,775.36</u>	<u>\$ 467,559.95</u>	<u>\$ 611,335.31</u>	<u>\$ 2,583,418.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 1,747,225.64</u>	<u>\$ 224,857.05</u>	<u>\$ 1,972,082.69</u>	
Additional project information:				
Project Number	3320-105-09-1004			
Grant Date	1/27/2010			
Bond Authorization Date	12/8/2009			
Bonds Authorized	1,093,308.00			
Bonds Issued	1,093,308.00			
SCC Amount	797,693.00			
Local Share	1,833,171.00			
Original Authorized Cost	2,630,864.00			
Additional Authorized Cost				
Revised Authorized Cost	2,630,864.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	24%			
Original target completion date	9/1/2011			
Revised target completion date	9/1/2011			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
LOWER MIDDLE SCHOOL
VARIOUS IMPROVEMENTS

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 2,430,366.00	\$	\$ 2,430,366.00	\$ 2,430,366.00
Bond proceeds and transfers	3,645,548.00	(631,953.00)	3,013,595.00	3,013,595.00
Total revenues	<u>\$ 6,075,914.00</u>	<u>\$ (631,953.00)</u>	<u>\$ 5,443,961.00</u>	<u>\$ 5,443,961.00</u>
Expenditures and Other Financing Uses				
Legal services	\$ 16,419.37	\$	\$ 16,419.37	\$
Purchased professional and technical services	82,994.03	350,139.17	433,133.20	
Construction services		378,770.00	378,770.00	
Total expenditures	<u>\$ 99,413.40</u>	<u>\$ 728,909.17</u>	<u>\$ 828,322.57</u>	<u>\$ 5,443,961.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 5,976,500.60</u>	<u>\$ (1,360,862.17)</u>	<u>\$ 4,615,638.43</u>	
Additional project information:				
Project Number	3320-045-09-1003			
Grant Date	1/27/2010			
Bond Authorization Date	12/8/2009			
Bonds Authorized	3,645,548.00			
Bonds Issued	3,645,548.00			
SCC Amount	2,430,366.00			
Local Share	3,645,548.00			
Original Authorized Cost	6,075,914.00			
Additional Authorized Cost				
Revised Authorized Cost	6,075,914.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	15%			
Original target completion date	9/1/2011			
Revised target completion date	9/1/2011			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
UPPER MIDDLE SCHOOL
VARIOUS IMPROVEMENTS

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 2,439,462.00	\$	\$ 2,439,462.00	\$ 2,439,462.00
Bond proceeds and transfers	3,659,193.00	(26,015.00)	3,633,178.00	3,633,178.00
Total revenues	<u>\$ 6,098,655.00</u>	<u>\$ (26,015.00)</u>	<u>\$ 6,072,640.00</u>	<u>\$ 6,072,640.00</u>
Expenditures and Other Financing Uses				
Legal services	\$ 16,419.37	\$	\$ 16,419.37	\$
Purchased professional and technical services	148,968.66	298,451.62	447,420.28	
Construction services		1,457,359.28	1,457,359.28	
Total expenditures	<u>\$ 165,388.03</u>	<u>\$ 1,755,810.90</u>	<u>\$ 1,921,198.93</u>	<u>\$ 6,072,640.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 5,933,266.97</u>	<u>\$ (1,781,825.90)</u>	<u>\$ 4,151,441.07</u>	
Additional project information:				
Project Number	3320-070-09-1001			
Grant Date	1/27/2010			
Bond Authorization Date	12/8/2009			
Bonds Authorized	3,659,193.00			
Bonds Issued	3,659,193.00			
SCC Amount	2,439,462.00			
Local Share	3,659,193.00			
Original Authorized Cost	6,098,655.00			
Additional Authorized Cost				
Revised Authorized Cost	6,098,655.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	32%			
Original target completion date	9/1/2011			
Revised target completion date	9/1/2011			

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 within the school district.
- Summer Enrichment Fund:** This fund provides for the operation of the summer enrichment program.
- Community Education Fund:** This fund provides for the operation of the community education program.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2011

	FOOD SERVICE	NON-MAJOR FUNDS		TOTAL
		SUMMER ENRICHMENT	COMMUNITY EDUCATION	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 191,209.14	\$ 117,251.46	\$ 1,360.00	\$ 309,820.60
Accounts receivable:				
State	2,172.98			2,172.98
Federal	11,396.50			11,396.50
Prepaid expenses		13,186.87		13,186.87
Inventories	22,529.47			22,529.47
Total current assets	\$ 227,308.09	\$ 130,438.33	\$ 1,360.00	\$ 359,106.42
Noncurrent assets:				
Furniture, machinery & equipment	\$ 820,700.00	\$	\$	\$ 820,700.00
Less accumulated depreciation	(564,468.62)			(564,468.62)
Total noncurrent assets	\$ 256,231.38	\$	\$	\$ 256,231.38
Total assets	\$ 483,539.47	\$ 130,438.33	\$ 1,360.00	\$ 615,337.80
LIABILITIES				
Current liabilities:				
Deferred revenue	\$ 4,392.11	\$ 65,056.82	\$	\$ 69,448.93
Total current liabilities	\$ 4,392.11	\$ 65,056.82	\$	\$ 69,448.93
Total liabilities	\$ 4,392.11	\$ 65,056.82	\$	\$ 69,448.93
NET ASSETS				
Invested in capital assets - net	\$ 256,231.38	\$	\$	\$ 256,231.38
Unrestricted	222,915.98	65,381.51	1,360.00	289,657.49
Total net assets	\$ 479,147.36	\$ 65,381.51	\$ 1,360.00	\$ 545,888.87

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	FOOD SERVICE	NON-MAJOR FUNDS		TOTAL
		SUMMER ENRICHMENT	COMMUNITY EDUCATION	
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs	\$ 709,523.02	\$	\$	\$ 709,523.02
Daily sales - non-reimbursable programs	561,852.00			561,852.00
Special functions	8,630.09			8,630.09
Other fees		84,703.30		84,703.30
Total operating revenues	\$ 1,280,005.11	\$ 84,703.30	\$	\$ 1,364,708.41
OPERATING EXPENSES:				
Cost of sales	\$ 678,056.58	\$	\$	\$ 678,056.58
Salaries	392,106.20	51,989.97		444,096.17
Employee benefits	125,864.36	3,965.03		129,829.39
Other purchased services	141,018.12	7,799.35		148,817.47
Supplies and materials	159,656.47	1,675.32		161,331.79
Depreciation	30,286.33			30,286.33
Total operating expenses	\$ 1,526,988.06	\$ 65,429.67	\$	\$ 1,592,417.73
Operating income (loss)	\$ (246,982.95)	\$ 19,273.63	\$	\$ (227,709.32)
NONOPERATING REVENUES (EXPENSES):				
State sources				
State school lunch program	\$ 16,488.83	\$	\$	\$ 16,488.83
Federal sources				
National school lunch program	142,139.46			142,139.46
National food distribution commodities	77,079.01			77,079.01
Total nonoperating revenues (expenses)	\$ 235,707.30	\$	\$	\$ 235,707.30
Income (loss)	\$ (11,275.65)	\$ 19,273.63	\$	\$ 7,997.98
Total net assets - beginning	490,423.01	46,107.88	1,360.00	537,890.89
Total net assets - ending	\$ 479,147.36	\$ 65,381.51	\$ 1,360.00	\$ 545,888.87

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	FOOD SERVICE	NON-MAJOR FUNDS		TOTAL
		SUMMER ENRICHMENT	COMMUNITY EDUCATION	
Cash flows from operating activities:				
Receipts from customers	\$ 1,280,005.11	\$ 76,434.17	\$	\$ 1,356,439.28
Payments to employees	(392,106.20)	(39,443.33)		(431,549.53)
Payments to employee benefits	(125,864.36)	(3,965.03)		(129,829.39)
Payment to suppliers	(1,063,017.01)	(22,661.54)		(1,085,678.55)
Net cash provided (used for) by operating activities	\$ (300,982.46)	\$ 10,364.27	\$	\$ (290,618.19)
Cash flows from noncapital financing activities:				
State Sources	\$ 15,275.63	\$	\$	\$ 15,275.63
Federal Sources	217,521.64			217,521.64
Net cash provided by (used for) noncapital financing activities	\$ 232,797.27	\$	\$	\$ 232,797.27
Net increase (decrease) in cash and cash equivalents	\$ (68,185.19)	\$ 10,364.27	\$	\$ (57,820.92)
Cash and cash equivalents- July 1	259,394.33	106,887.19	1,360.00	367,641.52
Cash and cash equivalents- June 30	\$ 191,209.14	\$ 117,251.46	\$ 1,360.00	\$ 309,820.60
Operating income (loss)	\$ (246,982.95)	\$ 19,273.63	\$	\$ (227,709.32)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	30,286.33			30,286.33
Change in assets and liabilities:				
(Increase) Decrease in inventory	5,233.47			5,233.47
Increase (Decrease) in accounts payable	(89,519.31)			(89,519.31)
(Increase) Decrease in prepaid expenses		(640.23)		(640.23)
Increase (Decrease) in deferred revenue		(8,269.13)		(8,269.13)
Net cash provided (used) by operating activities	\$ (300,982.46)	\$ 10,364.27	\$	\$ (290,618.19)

FIDUCIARY FUNDS 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.

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 including childcare and medical flexible spending.

Scholarship Fund:

This private purpose trust is used to account for the grants to students where there are no restrictions regarding the use of principal and income.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	AGENCY FUNDS		SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT INSURANCE	TOTALS
	STUDENT ACTIVITY	PAYROLL AGENCY			
ASSETS					
Cash and cash equivalents	\$ 347,643.30	\$ 1,792,197.34	\$ 63,396.31	\$ 286,059.30	\$ 2,489,296.25
Total assets	\$ 347,643.30	\$ 1,792,197.34	\$ 63,396.31	\$ 286,059.30	\$ 2,489,296.25
LIABILITIES					
Net Salary payable	\$	\$ 1,617,152.31	\$	\$	\$ 1,617,152.31
Payroll deductions and withholdings		175,045.03			175,045.03
Due to student groups	347,643.30				347,643.30
Total liabilities	\$ 347,643.30	\$ 1,792,197.34	\$	\$	\$ 2,139,840.64
NET ASSETS					
Reserve for state unemployment	\$	\$	\$	\$ 286,059.30	\$ 286,059.30
Reserve for scholarship awards			63,396.31		63,396.31
Total net assets	\$ -0-	\$ -0-	\$ 63,396.31	\$ 286,059.30	\$ 349,455.61

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>SCHOLARSHIP FUNDS</u>	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Employee contributions	\$	\$ 103,494.68	\$ 103,494.68
Board contributions		235,000.00	235,000.00
Other	855.00		855.00
Total contributions	<u>\$ 855.00</u>	<u>\$ 338,494.68</u>	<u>\$ 339,349.68</u>
Investment earnings:			
Interest	\$ 138.04	\$ 553.85	\$ 691.89
Net investment earnings	<u>\$ 138.04</u>	<u>\$ 553.85</u>	<u>\$ 691.89</u>
Total additions	<u>\$ 993.04</u>	<u>\$ 339,048.53</u>	<u>\$ 340,041.57</u>
DEDUCTIONS:			
Unemployment claims	\$	\$ 470,494.93	\$ 470,494.93
Awards	3,693.59		3,693.59
Total deductions	<u>\$ 3,693.59</u>	<u>\$ 470,494.93</u>	<u>\$ 474,188.52</u>
Change in net assets	<u>\$ (2,700.55)</u>	<u>\$ (131,446.40)</u>	<u>\$ (134,146.95)</u>
Net assets beginning of year	<u>\$ 66,096.86</u>	<u>\$ 417,505.70</u>	<u>\$ 483,602.56</u>
Net assets end of year	<u>\$ 63,396.31</u>	<u>\$ 286,059.30</u>	<u>\$ 349,455.61</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BALANCE</u> <u>JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
ASSETS:				
Cash and cash equivalents	\$ 401,883.85	\$ 1,467,448.85	\$ 1,521,689.40	\$ 347,643.30
Total assets	\$ 401,883.85	\$ 1,467,448.85	\$ 1,521,689.40	\$ 347,643.30
LIABILITIES:				
Due student groups:				
High school activities	\$ 273,644.23	\$ 1,020,577.13	\$ 1,063,715.56	\$ 230,505.80
Upper middle activities	60,263.12	205,773.85	221,410.61	44,626.36
Lower middle activities	38,676.88	89,684.63	93,280.83	35,080.68
Village elementary activities	15,980.95	30,407.30	25,002.18	21,386.07
Orchard hill elementary activities	13,308.67	29,462.43	26,736.71	16,034.39
Athletic activities	10.00	91,543.51	91,543.51	10.00
Total liabilities	\$ 401,883.85	\$ 1,467,448.85	\$ 1,521,689.40	\$ 347,643.30

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
 PAYROLL AGENCY FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BALANCE</u> <u>JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
ASSETS:				
Cash and cash equivalents	\$ 1,939,716.13	\$ 49,732,518.28	\$ 49,880,037.07	\$ 1,792,197.34
Intrafund Receivable	<u>1,533.95</u>	<u> </u>	<u>1,533.95</u>	<u> </u>
Total assets	<u>\$ 1,941,250.08</u>	<u>\$ 49,732,518.28</u>	<u>\$ 49,881,571.02</u>	<u>\$ 1,792,197.34</u>
LIABILITIES:				
Net Salary Payable	\$ 1,551,927.70	\$ 28,814,331.35	\$ 28,749,106.74	\$ 1,617,152.31
Payroll deductions and withholdings	<u>389,322.38</u>	<u>20,916,652.98</u>	<u>21,130,930.33</u>	<u>175,045.03</u>
Total liabilities	<u>\$ 1,941,250.08</u>	<u>\$ 49,730,984.33</u>	<u>\$ 49,880,037.07</u>	<u>\$ 1,792,197.34</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, 2011

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2010</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2011</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Bonds 2001	04/01/01	\$ 54,608,000.00				\$ 1,285,000.00	\$ 1,285,000.00	\$
School Bonds 2001	10/15/01	24,820,000.00	08/01/11	\$ 1,295,000.00	4.000%			
			08/01/12-16	1,285,000.00	5.250%			
			08/01/17-18	1,280,000.00	5.250%			
			08/01/19	1,275,000.00	4.750%			
			08/01/20	1,270,000.00	4.750%			
			08/01/21	1,265,000.00	5.000%			
			08/01/22	1,255,000.00	5.000%			
			08/01/23	1,250,000.00	5.000%			
			08/01/24	1,245,000.00	5.000%			
			08/01/25	1,230,000.00	5.000%	20,380,000.00	1,310,000.00	19,070,000.00
School Bonds 2007	04/01/07	46,200,000.00	04/01/12	1,480,000.00	3.750%			
			04/01/13	1,535,000.00	3.750%			
			04/01/14	1,595,000.00	4.000%			
			04/01/15	1,665,000.00	4.000%			
			04/01/16	1,735,000.00	5.000%			
			04/01/17	1,820,000.00	5.000%			
			04/01/18	1,910,000.00	5.000%			
			04/01/19	2,015,000.00	5.000%			
			04/01/20	2,115,000.00	4.000%			
			04/01/21	2,205,000.00	4.000%			
			04/01/22	2,295,000.00	4.000%			
			04/01/23	2,395,000.00	4.000%			
			04/01/24	495,000.00	4.000%			
			04/01/24	2,000,000.00	4.500%			
			04/01/25	2,610,000.00	4.500%			
			04/01/26	2,735,000.00	4.125%			
			04/01/27	2,850,000.00	4.125%			
			04/01/28	2,980,000.00	4.250%			
			04/01/29	3,110,000.00	4.250%			
			04/01/30	3,255,000.00	4.250%			
04/01/31	3,400,000.00	4.250%	46,200,000.00		46,200,000.00			

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2011

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2010	RETIRED	BALANCE JUNE 30, 2011
			DATE	AMOUNT				
School Bonds 2010	40,237.00	\$ 14,125,000.00	09/01/11	\$ 675,000.00	2.000%	\$ 14,125,000.00		\$ 14,125,000.00
			09/01/12	785,000.00	2.000%			
			09/01/13	820,000.00	2.000%			
			09/01/14	855,000.00	2.000%			
			09/01/15	895,000.00	2.000%			
			09/01/16	935,000.00	2.000%			
			09/01/17	975,000.00	2.375%			
			09/01/18	1,020,000.00	2.650%			
			09/01/19	1,065,000.00	3.000%			
			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%			
						\$ 14,125,000.00	\$	\$ 14,125,000.00
						\$ 81,990,000.00	\$ 2,595,000.00	\$ 79,395,000.00

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>INTEREST RATE PAYABLE</u>	<u>BALANCE JULY 1, 2010</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2011</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>					
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%	\$ 8,485,000.00	\$	\$ 470,000.00	\$ 8,015,000.00
Land and Buildings	11/23/98	25	1,445,000.00	---	---	751,400.00		57,800.00	693,600.00
School Buses and Equipment	06/05/06	5	747,700.00	59,750.00	5.92%	155,227.93		155,227.93	0.00
Vehicles and Various Equipment	06/27/07	5	667,500.00	54,225.00	3.89%	272,678.23		133,737.91	138,940.32
Vehicles and Various Equipment	03/14/08	5	567,400.00	40,363.00	3.02%	343,692.91		111,173.08	232,519.83
Vehicles and Various Equipment	06/30/09	3	265,250.00	16,932.19	3.16%	179,568.51		88,388.17	91,180.34
Vehicles and Various Equipment	40,386.00	3	206,849.00	4,935.29	2.75%		206,849.00	80,671.00	126,178.00
						<u>\$ 10,187,567.58</u>	<u>\$ 206,849.00</u>	<u>\$ 1,096,998.09</u>	<u>\$ 9,297,418.49</u>

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011

	2011			2010		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:						
Local sources:						
Local tax levy	\$ 6,586,741.00	\$ 6,586,741.00	\$	\$ 6,213,929.00	\$ 6,213,929.00	\$
State sources:						
Debt service aid type II	<u>244,475.00</u>	<u>244,475.00</u>		<u>315,141.00</u>	<u>315,141.00</u>	
Total revenues	\$ <u>6,831,216.00</u>	\$ <u>6,831,216.00</u>	\$	\$ <u>6,529,070.00</u>	\$ <u>6,529,070.00</u>	\$
EXPENDITURES:						
Regular debt service:						
Principal payment - lease purchase agreements	\$ 527,800.00	\$ 527,800.00	\$	\$ 537,800.00	\$ 532,800.00	\$ 5,000.00
Interest payments - lease purchase agreements	314,325.00	314,325.00		309,830.00	309,568.85	261.15
Interest on bonds	3,399,434.00	3,399,433.11	0.89	3,131,932.00	3,131,931.26	0.74
Redemption of principal	<u>2,595,000.00</u>	<u>2,595,000.00</u>		<u>2,550,000.00</u>	<u>2,550,000.00</u>	
Total regular debt service-expenditures	\$ <u>6,836,559.00</u>	\$ <u>6,836,558.11</u>	\$ 0.89	\$ <u>6,529,562.00</u>	\$ <u>6,524,300.11</u>	\$ 5,261.89
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(5,343.00)</u>	\$ <u>(5,342.11)</u>	\$ 0.89	\$ <u>(492.00)</u>	\$ <u>4,769.89</u>	\$ 5,261.89
Other financing sources (uses):						
Interest earned	\$	\$ 9,501.86	\$ 9,501.86	\$	\$	\$
Total other financing sources (uses)	\$	\$ <u>9,501.86</u>	\$ 9,501.86	\$	\$	\$
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (5,343.00)	\$ 4,159.75	\$ 9,502.75	\$ (492.00)	\$ 4,769.89	\$ 5,261.89
Fund balance, July 1	<u>5,344.13</u>	<u>5,344.13</u>		<u>574.24</u>	<u>574.24</u>	
Fund balance, June 30	\$ <u>1.13</u>	\$ <u>9,503.88</u>	\$ 9,502.75	\$ <u>82.24</u>	\$ <u>5,344.13</u>	\$ 5,261.89

STATISTICAL SECTION
(UNAUDITED)

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TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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-5
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 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. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
(UNAUDITED)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 38,720,576.70	\$ 35,603,356.77	\$ 34,772,564.91	\$ 32,412,376.77	\$ 32,559,263.46	\$ 27,638,187.40	\$ 20,446,729.74	\$ 18,152,816.64
Restricted	2,570,543.81	713,691.62	3,877,535.10	4,528,270.20	5,244,068.73	4,447,879.70	5,266,020.02	4,706,100.17
Unrestricted	1,000,396.03	2,351,012.86	356,003.40	1,040,690.71	723,938.96	232,017.98	1,185,658.94	1,223,837.37
Total governmental activities net assets	<u>\$ 42,291,516.54</u>	<u>\$ 38,668,061.25</u>	<u>\$ 39,006,103.41</u>	<u>\$ 37,981,337.68</u>	<u>\$ 38,527,271.15</u>	<u>\$ 32,318,085.08</u>	<u>\$ 26,898,408.70</u>	<u>\$ 24,082,754.18</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 256,231.38	\$ 286,517.71	\$ 309,464.80	\$ 342,696.50	\$ 399,670.34	\$ 424,012.53	\$ 127,557.50	\$ 157,305.83
Unrestricted	289,657.49	251,373.18	137,707.66	81,285.85	177,469.05	256,389.64	253,842.10	215,113.11
Total business-type activities net assets	<u>\$ 545,888.87</u>	<u>\$ 537,890.89</u>	<u>\$ 447,172.46</u>	<u>\$ 423,982.35</u>	<u>\$ 577,139.39</u>	<u>\$ 680,402.17</u>	<u>\$ 381,399.60</u>	<u>\$ 372,418.94</u>
District-wide								
Invested in capital assets, net of related debt	\$ 38,976,808.08	\$ 35,889,874.48	\$ 35,082,029.71	\$ 32,755,073.27	\$ 32,958,933.80	\$ 28,062,199.93	\$ 20,574,287.24	\$ 18,310,122.47
Restricted	2,570,543.81	713,691.62	3,877,535.10	4,528,270.20	5,244,068.73	4,447,879.70	5,266,020.02	4,706,100.17
Unrestricted	1,290,053.52	2,602,386.04	493,711.06	1,121,976.56	901,408.01	488,407.62	1,439,501.04	1,438,950.48
Total district net assets	<u>\$ 42,837,405.41</u>	<u>\$ 39,205,952.14</u>	<u>\$ 39,453,275.87</u>	<u>\$ 38,405,320.03</u>	<u>\$ 39,104,410.54</u>	<u>\$ 32,998,487.25</u>	<u>\$ 27,279,808.30</u>	<u>\$ 24,455,173.12</u>

Source: CAFR Schedule A-1

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

	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES								
Governmental activities								
Instruction								
Regular	\$ 32,087,192.31	\$ 31,921,270.43	\$ 31,272,031.14	\$ 30,169,643.76	\$ 28,388,964.14	\$ 24,988,117.90	\$ 23,584,618.91	\$ 20,873,962.48
Special education	10,699,845.52	9,973,755.17	8,595,687.95	6,133,371.16	5,817,513.62	4,897,685.19	4,606,168.17	4,092,682.03
Other instruction	3,151,718.49	3,397,484.84	3,078,666.49	3,081,458.58	2,741,864.19	2,415,251.23	2,279,503.59	2,120,180.57
Support Services:								
Tuition				2,713,734.84	2,424,574.73	2,007,444.18	1,720,982.50	1,397,559.77
Student & instruction related services	9,087,977.50	9,783,599.56	9,296,624.10	8,744,970.71	8,224,063.94	7,139,481.84	6,463,324.06	6,307,273.11
General administrative services	1,669,317.25	1,700,129.23	1,753,157.85	1,831,657.09	1,949,065.07	1,559,239.00	1,568,863.84	1,325,690.23
School administrative services	4,210,428.28	3,925,532.83	3,856,675.21	3,785,267.46	3,463,663.46	3,242,631.42	2,636,709.33	2,679,053.72
Central services and information technology	1,591,741.63	1,623,590.11	1,150,701.86	1,141,164.99	1,052,662.59	996,959.98	1,095,940.41	989,014.07
Plant operations and maintenance	7,023,573.47	7,630,087.78	7,768,691.99	8,073,902.67	8,034,939.19	7,507,255.08	5,696,997.77	4,830,347.18
Student transportation services	6,014,103.52	6,114,475.45	6,263,699.81	6,714,198.91	6,108,253.66	6,123,138.19	3,939,261.14	3,466,184.44
Interest on long-term debt	3,724,321.41	3,640,677.77	3,611,822.11	3,795,402.31	4,056,340.30	4,258,190.00	4,387,234.92	4,507,976.29
Unallocated amortization	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00
Unallocated depreciation	55,844.77	62,397.98	62,838.30	66,076.28	63,622.75	46,921.79	42,090.07	43,920.13
Total governmental activities expenses	\$ 79,360,367.15	\$ 79,817,304.15	\$ 76,754,899.81	\$ 76,295,151.76	\$ 72,369,830.64	\$ 65,226,618.80	\$ 58,065,997.71	\$ 52,678,147.02
Business-type activities:								
Food Service	\$ 1,526,988.06	\$ 1,437,768.29	\$ 1,368,611.74	\$ 1,490,028.63	\$ 1,173,757.68	\$ 1,195,201.96	\$ 993,050.58	\$ 932,175.51
Enrichment	65,429.67	58,183.63	135,685.11	191,071.78	108,037.22	8,455.91		
Performing Arts			70,125.31	34,237.36				
Community Education				1,360.00				
Total business-type activities expense	\$ 1,592,417.73	\$ 1,495,951.92	\$ 1,574,422.16	\$ 1,716,697.77	\$ 1,281,794.90	\$ 1,203,657.87	\$ 993,050.58	\$ 932,175.51
Total district expenses	\$ 80,952,784.88	\$ 81,313,256.07	\$ 78,329,321.97	\$ 78,011,849.53	\$ 73,651,625.54	\$ 66,430,276.67	\$ 59,059,048.29	\$ 53,610,322.53
PROGRAM REVENUES								
Governmental activities:								
Charges for services	\$	71,891.80	124,391.00	99,904.05	113,253.53	143,469.43	108,005.19	67,633.32
Operating grants and contributions	8,330,451.57	9,659,080.34	5,765,558.99	6,675,628.35	6,163,227.78	4,163,461.57	3,690,376.10	3,383,273.73
Total governmental activities program revenues	\$ 8,330,451.57	\$ 9,730,972.14	\$ 5,889,949.99	\$ 6,775,532.40	\$ 6,276,481.31	\$ 4,306,931.00	\$ 3,798,381.29	\$ 3,450,907.05
Business-type activities:								
Charges for services								
Food Service	\$ 1,280,005.11	\$ 1,245,327.84	\$ 1,194,527.81	\$ 1,157,933.43	\$ 999,228.28	\$ 919,188.36	\$ 864,954.57	\$ 812,851.63
Enrichment	84,703.30	104,291.51	134,767.94	191,988.95	195,831.00	111,171.22		
Performing Arts			70,125.31	6,824.50				
Community Education				2,720.00				
Operating grants and contributions	235,707.30	237,051.00	197,071.49	190,312.60	142,828.28	129,320.98	131,414.41	118,718.54
Total business type activities program revenues	\$ 1,600,415.71	\$ 1,586,670.35	\$ 1,596,492.55	\$ 1,549,779.48	\$ 1,337,887.56	\$ 1,159,680.56	\$ 996,368.98	\$ 931,570.17
Total district program revenues	\$ 9,930,867.28	\$ 11,317,642.49	\$ 7,486,442.54	\$ 8,325,311.88	\$ 7,614,368.87	\$ 5,466,611.56	\$ 4,794,750.27	\$ 4,382,477.22

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004
<u>NET (EXPENSE)/REVENUE</u>								
Governmental activities	\$ (71,029,915.58)	\$ (70,086,332.01)	\$ (70,864,949.82)	\$ (69,519,619.36)	\$ (66,093,349.33)	\$ (60,919,687.80)	\$ (54,267,616.42)	\$ (49,227,239.97)
Business-type activities	7,997.98	90,718.43	22,070.39	(166,918.29)	56,092.66	(43,977.31)	3,318.40	(605.34)
Total district-wide net expense	\$ <u>(71,021,917.60)</u>	\$ <u>(69,995,613.58)</u>	\$ <u>(70,842,879.43)</u>	\$ <u>(69,686,537.65)</u>	\$ <u>(66,037,256.67)</u>	\$ <u>(60,963,665.11)</u>	\$ <u>(54,264,298.02)</u>	\$ <u>(49,227,845.31)</u>
<u>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</u>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 63,359,787.00	\$ 61,940,575.00	\$ 58,987,206.00	\$ 57,054,379.00	\$ 54,602,102.00	\$ 51,711,475.00	\$ 44,742,713.00	\$ 40,360,221.00
Taxes levied for debt service	6,586,741.00	6,213,929.00	6,302,688.00	6,223,651.00	6,702,938.00	6,711,876.00	6,689,355.00	6,650,505.00
Grants and contributions	3,881,954.08	989,771.67	5,095,403.58	4,523,769.26	4,387,838.50	4,179,285.43	4,432,778.00	13,352,752.96
Miscellaneous income	824,888.79	615,329.73	1,504,417.97	2,177,376.70	3,153,363.02	1,507,587.54	1,226,147.88	1,110,710.80
Disposal of capital assets		(11,315.55)			(639,426.17)			(586,008.60)
Transfers				(22,006.02)		(11,222.31)	(7,723.00)	(14,740.00)
Total governmental activities	\$ <u>74,653,370.87</u>	\$ <u>69,748,289.85</u>	\$ <u>71,889,715.55</u>	\$ <u>69,957,169.94</u>	\$ <u>68,206,815.35</u>	\$ <u>64,099,001.66</u>	\$ <u>57,083,270.88</u>	\$ <u>60,873,441.16</u>
Business-type activities:								
Miscellaneous income	\$	\$	\$ 1,119.72	\$ 11,714.04	\$ 11,748.75	\$ 342,979.88	\$ 5,662.26	\$ 1,685.12
Transfers				22,006.02				
Total business-type activities	\$	\$	\$ <u>1,119.72</u>	\$ <u>33,720.06</u>	\$ <u>11,748.75</u>	\$ <u>342,979.88</u>	\$ <u>5,662.26</u>	\$ <u>1,685.12</u>
Total district-wide	\$ <u>74,653,370.87</u>	\$ <u>69,748,289.85</u>	\$ <u>71,890,835.27</u>	\$ <u>69,990,890.00</u>	\$ <u>68,218,564.10</u>	\$ <u>64,441,981.54</u>	\$ <u>57,088,933.14</u>	\$ <u>60,875,126.28</u>
<u>CHANGE IN NET ASSETS</u>								
Governmental activities	\$ 3,623,455.29	\$ (338,042.16)	\$ 1,024,765.73	\$ 437,550.58	\$ 2,113,466.02	\$ 3,179,313.86	\$ 2,815,654.46	\$ 11,646,201.19
Business-type activities	7,997.98	90,718.43	23,190.11	(133,198.23)	67,841.41	299,002.57	8,980.66	1,079.78
Total district	\$ <u>3,631,453.27</u>	\$ <u>(247,323.73)</u>	\$ <u>1,047,955.84</u>	\$ <u>304,352.35</u>	\$ <u>2,181,307.43</u>	\$ <u>3,478,316.43</u>	\$ <u>2,824,635.12</u>	\$ <u>11,647,280.97</u>

Source: CAFR Schedule A-2

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund								
Restricted	\$ 2,344,962.28	\$ 2,589,876.25	\$ 3,981,060.26	\$ 4,273,490.76	\$ 4,813,949.76	\$ 3,838,256.54	\$ 2,492,946.85	\$ 1,721,547.24
Committed	1,600,000.00							
Unassigned	1,439,377.70	1,788,170.29	1,389,304.79	1,456,676.90	1,234,870.87	1,306,612.21	2,136,768.44	570,617.40
Total general fund	<u>\$ 5,384,339.98</u>	<u>\$ 4,378,046.54</u>	<u>\$ 5,370,365.05</u>	<u>\$ 5,730,167.66</u>	<u>\$ 6,048,820.63</u>	<u>\$ 5,144,868.75</u>	<u>\$ 4,629,715.29</u>	<u>\$ 2,292,164.64</u>
All Other Governmental Funds								
Committed for year-end encumbrances	\$ 7,230,388.46	\$ 4,638,696.08	\$ 1,709.97	\$ 48,302.47	\$ 63,244.97	\$ 92,578.93	\$ 1,227,030.29	\$ 16,185,933.41
Unassigned:								
Capital projects fund	3,442,279.84	10,652,713.60	1,858,731.84	1,858,761.84	1,899,611.84	1,515,652.87	1,308,258.83	2,014,144.42
Debt service fund	9,503.88	5,344.13	574.24	9,667.51	153,843.77	14,003.34	17,698.22	18,954.59
Total all other governmental funds	<u>\$ 10,682,172.18</u>	<u>\$ 15,296,753.81</u>	<u>\$ 1,861,016.05</u>	<u>\$ 1,916,731.82</u>	<u>\$ 2,116,700.58</u>	<u>\$ 1,622,235.14</u>	<u>\$ 2,552,987.34</u>	<u>\$ 18,219,032.42</u>

Source: CAFR Schedule B-1

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

	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
Tax levy	\$ 69,946,528.00	\$ 68,154,504.00	\$ 65,289,894.00	\$ 63,278,030.00	\$ 61,305,040.00	\$ 58,423,351.00	\$ 51,432,068.00	\$ 47,010,726.00
Tuition charges	89,362.16	64,192.60	1,064,679.97	908,545.00	825,318.43	752,560.00	692,457.00	633,685.00
Transportation		7,699.20	124,391.00	99,904.05	113,253.53	143,469.00	108,005.00	67,633.00
Interest on capital reserve	511.46	609.96	1,249.20	3,545.16	4,932.97	3,868.00	5,417.00	4,874.00
Interest on investments	158,951.38	154,760.19	82.19	35,596.58	60,647.61	57,941.00	145,379.00	326,546.00
Miscellaneous	634,050.33	673,927.21	469,299.49	1,253,727.58	2,395,726.69	726,285.00	444,805.00	216,382.00
State sources	10,234,170.38	9,014,050.99	9,650,794.22	10,005,355.33	9,525,991.18	7,501,359.00	7,275,594.00	15,995,573.00
Federal sources	1,920,248.73	1,482,353.11	1,179,275.47	1,170,004.66	891,812.42	808,322.00	785,650.00	669,278.00
Total revenue	\$ 82,983,822.44	\$ 79,552,097.26	\$ 77,779,665.54	\$ 76,754,708.36	\$ 75,122,722.83	\$ 68,417,155.00	\$ 60,889,375.00	\$ 64,924,697.00
Expenditures								
Instruction								
Regular Instruction	\$ 21,588,802.97	\$ 30,055,703.49	\$ 22,500,883.78	\$ 21,491,557.69	\$ 20,399,828.43	\$ 19,617,244.00	\$ 17,894,307.00	\$ 15,423,880.00
Special education instruction	6,162,082.09	9,805,278.13	6,859,863.43	4,371,724.39	4,188,122.31	3,739,959.00	3,466,798.00	3,023,297.00
Other instruction	2,301,439.23	3,388,749.00	2,343,456.12	2,318,840.78	2,062,258.83	1,945,300.00	1,764,192.00	1,657,809.00
Support Services:								
Tuition	2,326,295.83			2,713,734.84	2,424,574.73	2,007,444.00	1,720,983.00	1,397,560.00
Student & instruction related services	6,676,310.92	9,717,824.51	6,872,191.44	6,305,833.26	6,030,038.67	5,526,757.00	4,881,266.00	4,790,296.00
General administrative services	1,201,311.17	1,456,107.08	1,049,984.68	1,214,882.82	1,374,137.49	1,215,203.00	1,215,700.00	1,093,160.00
School Administrative services	2,823,113.94	3,698,292.78	2,603,268.52	2,533,584.29	2,457,461.82	2,432,618.00	1,974,201.00	1,896,825.00
Central services	1,136,821.02	1,606,324.73	1,178,964.28	1,146,542.07	1,074,407.58	1,001,051.00	1,091,061.00	964,984.00
Plant operations and maintenance	6,149,841.90	7,520,005.55	6,996,542.30	7,286,892.11	7,278,464.94	6,893,311.00	5,117,608.00	4,312,095.00
Student transportation services	4,674,301.68	5,380,341.82	5,055,173.55	5,523,366.21	5,162,698.70	5,490,880.00	3,517,942.00	3,147,486.00
Unallocated employee benefits	17,116,749.73		14,678,173.34	15,110,283.35	13,734,570.96	9,674,144.00	9,660,835.00	8,961,007.00
Capital outlay	7,805,331.04	1,288,865.72	2,032,240.25	1,245,136.00	1,366,641.27	4,599,195.00	16,623,459.00	27,394,504.00
Capital lease payments						17,893.00	34,560.00	32,391.00
Debt service:								
Principal	3,122,800.00	4,079,323.66	2,962,800.00	2,907,800.00	2,852,800.00	2,732,800.00	2,582,800.00	2,417,800.00
Interest and other charges	3,713,758.11	3,490,481.13	3,663,039.46	3,774,855.21	4,171,267.50	4,304,115.00	4,430,134.00	4,547,581.00
Total expenditures	\$ 86,798,959.63	\$ 81,487,297.60	\$ 78,796,581.15	\$ 77,945,033.02	\$ 74,577,273.23	\$ 71,197,914.00	\$ 75,975,846.00	\$ 81,060,675.00
Excess (Deficiency) of revenues over (under) expenditures	\$ (3,815,137.19)	\$ (1,935,200.34)	\$ (1,016,915.61)	\$ (1,190,324.66)	\$ 545,449.60	\$ (2,780,759.00)	\$ (15,086,471.00)	\$ (16,135,978.00)
Other Financing sources (uses)								
Capital leases (non-budgeted)	206,849.00	253,619.59	601,397.23	693,708.95	852,967.72	2,376,382.00		1,107,168.00
Serial Bond Proceeds		14,125,000.00						
Transfers in	130,925.75			(22,006.02)	46,626,791.80	1,068,635.00		355,433.00
Transfers out	(130,925.75)				(46,626,791.80)	(1,079,858.00)	(7,723.00)	(370,173.00)
Total other financing sources (uses)	\$ 206,849.00	\$ 14,378,619.59	\$ 601,397.23	\$ 671,702.93	\$ 852,967.72	\$ 2,365,159.00	\$ (7,723.00)	\$ 1,092,428.00
Net change in fund balances	\$ (3,608,288.19)	\$ 12,443,419.25	\$ (415,518.38)	\$ (518,621.73)	\$ 1,398,417.32	\$ (415,599.00)	\$ (15,094,194.00)	\$ (15,043,550.00)
Debt service as a percentage of noncapital expenditures	8.65%	9.44%	8.63%	8.71%	9.59%	10.57%	11.82%	12.98%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Interest On</u> <u>Investments</u>	<u>Other</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Concession</u> <u>Fees</u>	<u>Participation</u> <u>Fees</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 11,163.35	\$	\$ 58,012.86	\$	\$ 194,221.85	\$ 25,947.47	\$ 5,000.00	\$ 149,720.00	\$ 235,729.45	\$ 679,794.98
2010	64,192.60	7,699.20	155,367.15	221,634.07	89,687.44	34,357.17			263,988.68	836,926.31
2009	1,064,679.97	124,391.00	121,682.89	38,945.00	51,429.35	29,288.39			198,310.18	1,628,726.78
2008	908,545.00	99,904.05	464,099.48		62,662.14	596,749.85			109,723.91	2,241,684.43
2007	825,318.43	113,253.53	649,208.55	345,000.00	71,078.14	295,229.61			96,857.51	2,395,945.77
2006	752,559.79	143,469.43	390,822.25		23,314.26	15,989.25			219,604.00	1,545,758.98
2005	692,457.00	108,005.19	214,771.52		13,840.00	33,375.48			126,325.29	1,188,774.48
2004	633,685.28	67,633.32	107,695.06		5,150.00	15,902.56			21,732.28	851,798.50
2003	665,134.00	78,131.00	99,284.00		10,044.00	28,414.00			85,246.00	966,253.00
2002	552,593.00	114,399.00	120,317.00		3,190.00	8,919.00			71,210.00	870,628.00

Source: District Records

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

Calendar Year Ended December 31,	Vacant Land	Residential	Farm Req.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2010	\$ 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	\$ 292,254,104	\$ 4,927,137	\$3,726,177,037	\$ 4,642,632,740	1.870
2009	45,851,100	3,232,198,600	66,959,700	2,055,700	306,293,800	3,112,900	106,253,500	3,762,725,300	289,478,504	3,991,386	3,766,716,686	4,884,063,606	1.775
2008	46,051,500	3,234,092,100	63,673,300	2,096,700	306,651,100	3,112,900	102,310,600	3,757,988,200	286,496,106	4,288,920	3,762,277,120	4,896,885,487	1.736
2007	41,316,700	3,224,294,000	60,008,300	2,131,700	304,759,180	3,112,900	94,720,400	3,730,343,180	229,947,542	4,297,959	3,734,641,139	4,673,325,971	1.696
2006	55,566,120	3,235,487,100	56,196,500	2,549,052	315,178,180	3,112,900	73,506,000	3,741,595,852	227,297,929	4,855,073	3,746,450,925	4,225,881,920	1.637
2005	98,119,700	3,204,571,700	54,270,300	1,989,852	318,381,180	3,112,900	74,229,800	3,754,675,432	224,010,019	5,785,148	3,760,460,580	3,776,199,771	1.554
2004	69,048,900	2,606,114,600	42,692,100	2,861,247	263,911,364	4,885,300	53,294,600	3,042,808,111	159,889,832	5,225,694	3,048,033,805	3,459,308,903	1.688
2003	78,157,900	2,537,322,300	43,898,200	2,958,951	264,771,564	4,885,300	50,265,643	2,982,259,858	160,248,900	5,977,168	2,988,237,026	2,895,397,920	1.574
2002	71,580,300	2,174,001,600	39,763,300	2,958,571	260,995,764	4,855,300	48,388,001	2,602,542,836	166,353,490	5,443,985	2,607,986,821	2,554,296,636	1.608
2001	64,137,600	1,859,928,000	36,495,700	2,864,879	258,307,164	4,885,300	41,614,348	2,268,232,991	170,025,800	5,272,514	2,273,505,505	2,217,019,833	1.600

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 of assessed valuation.

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

Calendar Year Ended December 31,	Vacant Land *	Residential *	Farm, Reg. *	Q-Farm *	Commercial *	Industrial *	Apartment *	Total * Assessed Value	Less: Tax * Exempt Property	Public * Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2010											*	*	*
2009											*	*	*
2008											62,506,662	139,120,102	1.990
2007											62,303,496	133,698,726	1.650
2006											62,133,733	122,919,580	1.400
2005											61,881,553	106,019,067	1.300
2004											61,710,513	98,083,017	1.280
2003											61,303,207	88,488,847	1.200
2002											61,000,063	77,495,771	1.060
2001											61,017,739	71,430,041	1.010

* Information was not available at time of audit.

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 of assessed valuation.

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	
2011	\$ 1.694	\$ 0.176	\$ 1.870	\$ 0.344	\$ 0.445	\$ 2.659
2010	1.653	0.175	1.828	0.339	0.428	2.595
2009	1.604	0.168	1.772	0.339	0.453	2.564
2008	1.529	0.167	1.696	0.300	0.339	2.335
2007	1.458	0.179	1.637	0.298	0.426	2.361
2006	1.375	0.179	1.554	0.348	0.406	2.308
2005	1.468	0.220	1.688	0.365	0.381	2.434
2004	1.351	0.223	1.574	0.306	0.456	2.336
2003	1.352	0.222	1.574	0.317	0.409	2.300
2002	1.369	0.239	1.608	0.346	0.436	2.390

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 December 31,	Borough of Rocky Hill			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	
2011	*	*	*	*	*	*
2010	*	*	*	*	*	*
2009	*	*	*	*	*	*
2008	1.990	0.000	1.990	0.710	0.740	3.440
2007	1.650	0.000	1.650	0.660	0.730	3.040
2006	1.400	0.000	1.400	0.670	0.710	2.780
2005	1.300	0.000	1.300	0.630	0.650	2.580
2004	1.280	0.000	1.280	0.530	0.640	2.450
2003	1.200	0.000	1.200	0.580	0.550	2.330
2002	1.060	0.000	1.060	0.530	0.560	2.150

* Information was not available at time of audit.
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
PRINCIPAL PROPERTY TAX PAYERS - MONTGOMERY
CURRENT YEAR AND TEN YEARS AGO
UNAUDITED

Taxpayer	2011			2001 *		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pike Run LLC/Cloverleaf	\$ 77,410,300	1	2.08%		1	
Montpen/Research Park LLC/ABCF LL	49,838,400	2	1.34%		2	
Johnson and Johnson	43,969,200	3	1.18%		3	
Presbyterian Homes	43,752,900	4	1.17%		4	
Sharbell Plainsboro Inc	20,532,300	5	0.55%		5	
Convatec Inc	15,651	6	0.00%		6	
JER/Herring Orchard	12,000	7	0.00%		7	
P.H. Associates, LLC	11,770,100	8	0.32%		8	
Bloomberg LP	10,680,500	9	0.29%		9	
Princeton North Realty	7,909,500	10	0.21%		10	
Total	<u>\$ 265,890,851</u>		<u>7.14%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: District CAFR J11 & Municipal Tax Assessor

* Information was not available at time of audit.

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

Taxpayer	2011			2001 *		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
J & R Association LLC	\$ 7,394,900	1	*		1	
Hayden, Stephen P.	1,107,400	2	*		2	
Bank of America	1,104,500	3	*		3	
Merritt Brothers, Inc.	1,062,500	4	*		4	
Schafer, Barbara D.	956,200	5	*		5	
Outerbridge Morgan Prop.	911,100	6	*		6	
Donato, Joseph & Alana	785,900	7	*		7	
Schellscheidt, Karl & Dani	726,300	8	*		8	
George F. White, III	715,900	9	*		9	
Copper Spoon Pro. LLC	700,000	10	*		10	
Total	<u>\$ 15,464,700</u>		<u>0.00%</u>	<u>\$ -</u>		<u>0.00%</u>

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

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy (a)		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2011	\$ 69,946,528	\$ 69,946,528	100.00%	-
2010	68,154,504	68,154,504	100.00%	-
2009	65,289,894	65,289,894	100.00%	-
2008	63,278,030	63,278,030	100.00%	-
2007	61,305,040	61,305,040	100.00%	-
2006	58,423,351	58,423,351	100.00%	-
2005	51,432,068	51,432,068	100.00%	-
2004	47,010,726	47,010,726	100.00%	-
2003	41,929,576	41,929,576	100.00%	-
2002	36,269,049	36,269,049	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 June 30,	Governmental Activities			Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases			
2011	\$ 79,395,000	\$ 8,708,600	\$ 588,818	\$ 88,692,418	0.08%	\$ 4,726
2010	81,990,000	9,236,400	\$951,168	92,177,568	0.08%	4,885
2009	70,415,000	9,769,200	1,947,691	82,131,891	0.09%	3,803
2008	72,925,000	10,017,000	2,677,946	85,619,946	0.08%	3,972
2007	75,395,000	10,454,800	3,109,958	88,959,758	0.07%	4,134
2006	76,538,000	10,877,600	3,407,893	90,823,493	0.07%	4,232
2005	78,863,000	11,285,400	1,066,357	91,214,757	0.06%	4,275
2004	81,048,000	11,683,200	1,623,696	94,354,896	0.06%	4,657
2003	83,083,000	12,066,000	1,089,704	96,238,704	0.06%	5,186
2002	84,828,000	12,433,800	1,183,446	98,445,246	0.06%	5,453

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.

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

Fiscal Year Ended <u>June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions			
2011	\$ 79,395,000		\$ 79,395,000	2.13%	\$ 3,532.59
2010	81,990,000		81,990,000	2.18%	3,648.05
2009	70,415,000		70,415,000	1.87%	3,260.56
2008	72,925,000		72,925,000	1.95%	3,383.05
2007	75,395,000		75,395,000	2.01%	3,503.81
2006	76,538,000		76,538,000	2.04%	3,566.38
2005	78,863,000		78,863,000	2.59%	3,696.07
2004	81,048,000		81,048,000	2.71%	4,000.00
2003	83,083,000		83,083,000	3.19%	4,476.94
2002	84,828,000		84,828,000	3.73%	4,699.09

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

(a) See Exhibit NJ 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, 2010
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Montgomery	\$ 48,438,126.00	100%	\$ 48,438,126
Borough of Rocky Hill	662,998	100%	662,998
Other debt			
Somerset County	135,950,155	7.11%	9,666,056
Subtotal, overlapping debt			<u>58,767,180</u>
Township of Montgomery School District Direct Debt	79,395,000	100%	<u>79,395,000</u>
Total direct and overlapping debt			<u>\$ 138,162,180</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 the district's boundaries and dividing it by each unit's total taxable value.

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

Legal Debt Margin Calculation for Year 2010:

Equalized Valuation Basis

Calendar Year	<u>Montgomery</u>	<u>Rocky Hill</u>	<u>Total</u>
2010	\$4,667,819,337	\$127,970,982	\$4,795,790,319
2009	4,843,255,631	134,808,272	4,978,063,903
2008	5,119,874,932	138,907,857	5,258,782,789
	<u>\$14,630,949,900</u>	<u>\$401,687,111</u>	<u>\$15,032,637,011</u>
 Average Equalized Valuation of Taxable Property	 <u>\$4,876,983,300</u>	 <u>\$133,895,704</u>	 <u>\$5,010,879,004</u>
 Debt Limit (4% (a) of average equalization value)			 \$200,435,160
Total Net Debt Applicable to Limit			<u>79,395,000</u>
Legal Debt Margin			<u><u>\$121,040,160</u></u>

	<u>Fiscal Year Ending June 30,</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt Limit	\$200,435,160	\$197,579,355	\$195,362,544	\$183,639,604	\$167,571,346	\$150,417,718	\$131,680,400	\$115,891,134	\$98,856,988	\$85,556,551
Total Net Debt Applicable To Limit	<u>79,395,000</u>	<u>81,990,000</u>	<u>70,415,000</u>	<u>72,925,000</u>	<u>75,395,000</u>	<u>90,527,764</u>	<u>92,852,764</u>	<u>95,067,764</u>	<u>97,072,764</u>	<u>98,817,764</u>
Legal Debt Margin	<u><u>\$121,040,160</u></u>	<u><u>\$115,589,355</u></u>	<u><u>\$124,947,544</u></u>	<u><u>\$110,714,604</u></u>	<u><u>\$92,176,346</u></u>	<u><u>\$59,889,954</u></u>	<u><u>\$38,827,636</u></u>	<u><u>\$20,823,370</u></u>	<u><u>\$1,784,224</u></u>	<u><u>(\$13,261,213)</u></u>
 Total Net Debt Applicable to the Limit as a % of Debt Limit	 39.61%	 41.50%	 36.04%	 39.71%	 44.99%	 60.18%	 70.51%	 82.03%	 98.20%	 115.50%

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)

Year	Population (a)		Personal Income (b)	Per Capita	Unemployment Rate (d)	
	Montgomery	Rocky Hill		Personal Income (c)	Montgomery	Rocky Hill
2011	21,815	660	\$ 1,559,427,875	\$ 69,385.00	5.10%	6.40%
2010	21,815	660	1,645,102,575	73,197.00	5.10%	3.60%
2009	21,596	*	1,545,496,144	71,564.00	2.80%	3.60%
2008	21,556	*	1,454,059,980	67,455.00	2.10%	2.70%
2007	21,518	*	1,339,452,464	62,248.00	3.30%	3.00%
2006	21,461	*	1,286,200,652	59,932.00	3.30%	2.80%
2005	21,337	*	1,212,197,644	56,812.00	2.90%	4.00%
2004	20,262	*	1,132,402,656	55,888.00	3.40%	4.60%
2003	18,558	*	1,046,745,432	56,404.00	3.50%	4.80%
2002	18,052	*	1,038,170,520	57,510.00	2.20%	3.00%

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 - MONTGOMERY
CURRENT AND NINE YEARS AGO
(UNAUDITED)

Employer	2011 *			2001 *		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	\$ -			\$ -		

Source: Chamber of Commerce

* Information was not available at time of audit.

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

Employer	2011 *			2001 *		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	\$ -			\$ -		

Source: Chamber of Commerce

* Information was not available at time of audit.

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction							
Regular	306	336	362	372	375	379	333
Special education	78	83	91	88	92	90	114
Support Services:							
Student & instruction related services	77	83	78	75	76	77	43
General administrative services	5	6	5	5	6	5	5
School administrative services	29	33	33	33	33	33	31
Business administrative services	13	14	13	13	13	13	13
Plant operations and maintenance	48	55	59	59	59	59	52
Pupil transportation	62	66	70	76	78	78	64
Athletics	2	4	4	4	4	4	4
Total	<u>620</u>	<u>680</u>	<u>715</u>	<u>725</u>	<u>736</u>	<u>738</u>	<u>659</u>

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				
2002	4,053	38,810,497	9,576	7.29%	354	1:22	1:23	1:21	4085.6	3892.4	7.24%	95.27%
2003	4,333	42,408,893	9,787	2.21%	371	1:22	1:22	1:18	4261.6	4103.8	4.31%	96.30%
2004	4,676	46,668,399	9,980	1.97%	395	1:22	1:21	1:21	4705.4	4511.7	10.41%	95.88%
2005	4,899	52,304,893	10,677	6.98%	421	1:21	1:21	1:24	4918.3	4729.6	4.52%	96.16%
2006	5,129	59,543,911	11,609	8.74%	463	1:12	1:11	1:12	5011.5	4863.7	1.89%	97.05%
2007	5,271	66,186,564	12,557	8.16%	464	1:12	1:11	1:12	5231.9	5070.5	4.40%	96.92%
2008	5,273	70,017,242	13,278	5.75%	470	1:12	1:11	1:12	5288.4	5093.1	1.08%	96.31%
2009	5,305	70,138,501	13,221	-0.43%	473	1:22	1:22	1:20	5287.9	5094.3	-0.01%	96.34%
2010	5,237	70,993,710	13,556	2.53%	464	1:20	1:21	1:21	5201.5	5012.4	-1.63%	96.36%
2011	5,090	72,157,070	14,176	4.57%	447	1:21	1:21	1:22	5102.4	4936.4	-1.91%	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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Village School - (Opened 2000-01 School Year)										
Square Feet	81,925	81,925	81,925	81,925	81,925	81,925	81,925	81,925	81,925	83,425
Capacity (students)	863	863	863	863	863	863	863	863	863	883
Enrollment	961	1,011	793	786	821	855	828	791	780	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	1,067	1,095	1,462	1,529	1,104	1,108	1,028	1,042	948	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	1,069	1,101	1,178	1,211	839	834	885	909	862	809
Upper Middle School - (2005-Moved to HS)										
Square Feet	-	-	-	-	142,349	142,349	142,349	142,349	142,349	1,423,498
Capacity (students)	-	-	-	-	985	985	985	985	985	985
Enrollment	-	-	-	-	832	853	852	870	888	899
High School										
High School - (New Building - 2005/2006)										
Square Feet	142,349	142,349	142,349	142,349	406,000	406,000	406,000	406,000	406,000	406,000
Capacity (students)	985	985	985	985	1,779	1,779	1,779	1,779	1,779	1,779
Enrollment	913	1,130	1,239	1,373	1,527	1,621	1,680	1,689	1,713	1,683
Other										
Administration Building - (Located in new HS)										
Square Feet	3,690	-	-	-	-	-	-	-	-	-
Transportation										
Square Feet	2,025	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385

Number of Schools at June 30, 2010

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

Source: District records, ASSA, LRFPP

*The School District also utilized Temporary Classroom Units to house students through 2005

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)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Village Elementary	N/A	\$ 118,807	\$ 134,364	\$ 83,047	\$ 84,592	\$ 79,459	\$ 76,651	\$ 90,368	\$ 87,885	\$ 85,380	\$ 257,596
Orchard Hill Elementary	N/A	67,888	59,792	77,748	90,009	136,388	144,144	185,891	234,129	158,156	375,967
Lower Middle School	N/A	95,637	180,087	101,918	63,599	101,383	102,509	141,512	157,477	144,841	181,256
Upper Middle School	N/A	86,680	123,569	85,498	80,591	137,678	121,920	225,291	136,760	205,023	221,880
High School *	N/A	333,807	397,409	147,905	163,339	223,420	309,740				
Total School Facilities		\$ 702,819	\$ 895,221	\$ 496,116	\$ 482,130	\$ 678,328	\$ 754,964	\$ 643,062	\$ 616,251	\$ 593,400	\$ 1,036,699
Other Facilities		85,906	28,946	29,040	34,444	67,266	173,338	54,618	71,458	35,236	8,727
Grand Total		\$ 788,725	\$ 924,167	\$ 525,156	\$ 516,574	\$ 745,594	\$ 928,302	\$ 697,680	\$ 687,709	\$ 628,636	\$ 1,045,426

*New High School opened 9/05-
 Grade configuration changed for the
 2005-06 school year.

Prior to 9/05- Upper Middle School
 was the High School, Lower Middle
 School was the Middle School.

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
SAIF	Property Blanket Building & Contents- Replacement Cost Values	\$ 260,558,382	\$ 1,000
SAIF/ACE	Flood/Earthquake	25,000,000	1,000
SAIF	Environmental/Pollution Liability	1,000,000 occ/ 25,000,000 agg.	10,000
SAIF	General Liability		1,000
	-Each Occurrence	5,000,000	
	-General Aggregate	5,000,000	
	-Personal Injury	5,000,000	
	-Fire Damage	5,000,000	
	-Medical Expense Limit (Excluding students)	5,000	
	-Employee Benefit Liability	1,000,000	
	-Aggregate	3,000,000	
SAIF	Automotive Coverage		500
	-Combined Single Limit	5,000,000	
	-Hired/Non-Owned	5,000,000	
	-Uninsured & Underinsured	1,000,000	
SAIF	Inland Marine		
	-Electronic Data Processing Equipment	1,025,000	1,000
SAIF	Crime Coverage		1,000
	-Employee Dishonesty with Faithful Performance	100,000	
	-Theft, Disappearance & Destruction Inside and Out	50,000	
	-Robbery & Safe Burglary Property other than Money & Securities-Inside & Out	50,000	
SAIF	Boiler & Machinery Coverage	261,558,382	1,000
SAIF	Umbrella Liability Coverage		
	-Occurrence Limit	5,000,000	
	-Aggregate Limit	5,000,000	

Source: District Records

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group	Board of Education		
	-Liability Wrongful Acts Coverage		
	Each Loss	\$ 6,000,000	
	Aggregate	6,000,000	
Bollingers	Student Accident - Compulsory Program		
	-Benefit Period 5 years	5,000,000	Sports
		5,000,000	Compulsory
Selective Insurance	Fidelity Bonds		
	-Treasurer of School Monies	350,000	
	-School Business Administrator/ Board Secretary	25,000	
New Jersey School Boards Association Insurance Group	Worker's Compensation		
	-Each Accident	2,000,000	
	-Each Employee	2,000,000	
	-Aggregate	2,000,000	
Firemans Fund	Catastrophe Access Plan	50,000,000	

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

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

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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
Montgomery, New Jersey

We have audited the basic financial statements of the Township of Montgomery School District, County of Somerset, New Jersey as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Montgomery School District, County of Somerset, New Jersey internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Montgomery School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Montgomery School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

SUPLEE, CLOONEY & COMPANY

Our consideration of the internal control over financial reporting was limited for the purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Montgomery School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. 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.

This report is intended solely for the information and use of management and the Board of Education of the Township of Montgomery School District, the New Jersey State Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

October 7, 2011



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Township of Montgomery School District with the types of compliance requirements described in the New Jersey State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2011. The Township of Montgomery School 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Township of Montgomery School District's management. Our responsibility is to express an opinion on Township of Montgomery School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and 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. Our audit does not provide a legal determination on the Township of Montgomery School District's compliance with those requirements.

SUPLEE, CLOONEY & COMPANY

In our opinion, the Township of Montgomery School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011.

Internal Control Over Compliance

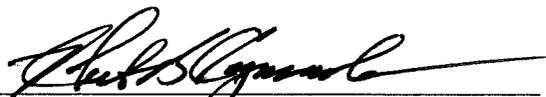
The management of the Township of Montgomery School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Montgomery School District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and the Board of Education of the Township of Montgomery School District, the New Jersey State Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

October 7, 2011

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	<u>BALANCE AT JUNE 30, 2011</u> (ACCOUNTS DEFERRED RECEIVABLE) REVENUE	
Enterprise Funds										
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Distribution Program	10.550	N/A	7/1/09-6/30/10	\$ 95,476.81	\$ 2,837.48	\$	\$ (2,837.48)	\$	\$	\$
Food Distribution Program	10.550	N/A	7/1/10-6/30/11	78,633.64		78,633.64	(74,241.53)			4,392.11
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	128,141.52	(8,145.04)	8,145.04				
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	142,139.46		130,742.96	(142,139.46)		(11,396.50)	
Total U.S. Department of Agriculture					\$ (5,307.56)	\$ 217,521.64	\$ (219,218.47)	\$ - 0 -	\$ (11,396.50)	\$ 4,392.11
Special Revenue Funds										
U.S. Department of Education										
Passed-through State Department of Education:										
I.D.E.A. Part B, Basic - Carryover	84.027	IDEA332010	9/1/09-8/31/11	851,938.00	\$ (88,270.00)	\$ 89,665.00	\$ (1,395.00)	\$	\$	\$
I.D.E.A. Part B, Basic	84.027	IDEA332011	9/1/10-8/31/11	851,982.00		686,779.00	(700,589.49)		(13,810.49)	
ARRA- I.D.E.A. Part B, Basic	84.391	IDEA332010	9/1/09-8/31/11	1,143,662.00	(98,934.73)	891,192.28	(924,735.26)		(132,477.71)	
I.D.E.A. Part B-Preschool	84.173	IDEA332011	9/1/10-8/31/11	25,370.00		9,246.00	(23,999.00)		(14,753.00)	
ARRA- I.D.E.A. Part B-Preschool	84.392	IDEA332010	9/1/09-8/31/11	41,390.00	(1,001.72)	26,271.72	(26,733.28)		(1,463.28)	
Learn & Serve America	94.004	09AMER318ALS	10/1/08-9/30/09	25,000.00	1,093.14			(1,093.14)		
Teaching American History	84.215	U215X070125	7/1/07-6/30/11	959,930.00	(102,706.79)	125,636.48	(207,777.27)		(184,847.58)	
Title II, Part A - Carryover	84.367	NCLB332010	9/1/09-8/31/11	56,895.00	(1,793.15)	27,285.00	(25,491.85)			
Title II, Part A	84.367	NCLB332011	9/1/10-8/31/11	58,218.00		16,707.00	(26,593.19)		(9,886.19)	
Title III - Carryover	84.365	NCLB332010	9/1/09-8/31/11	11,453.00	(1,706.00)	10,296.00	(8,589.93)			0.07
Title III	84.365	NCLB332011	9/1/10-8/31/11	12,684.00			(2,722.75)		(2,722.75)	
Title IV - Carryover	84.186	NCLB332010	9/1/09-8/31/11	7,519.00		7,519.00	(7,519.00)			
Total U.S. Department of Education					\$ (293,319.25)	\$ 1,890,597.48	\$ (1,956,146.02)	\$ (1,093.14)	\$ (359,961.00)	\$ 0.07
Total Federal Financial Assistance					\$ (298,626.81)	\$ 2,108,119.12	\$ (2,175,364.49)	\$ (1,093.14)	\$ (371,357.50)	\$ 4,392.18

See accompanying notes to schedules of financial assistance.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2011		MEMO	
				DEFERRED REVENUE (ACCTS.REC.)	DUE TO GRANTOR				DEFERRED REVENUE (ACCTS.REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
General Fund:												
Special Education Aid	11-495-034-5120-089	\$ 1,871,805.00	7/1/10-6/30/11	\$	\$	\$ 1,716,492.00	\$ (1,871,805.00)	\$ 155,313.00	\$	\$	\$ (155,313.00)	\$ 1,871,805.00
Extraordinary Special Education Costs Aid	10-495-034-5120-044	364,717.00	7/1/09-6/30/10	(364,717.00)		364,717.00						364,717.00
Extraordinary Special Education Costs Aid	11-495-034-5120-044	556,316.00	7/1/10-6/30/11				(556,316.00)		(556,316.00)		(556,316.00)	556,316.00
Nonpublic School Transportation Costs Aid	Not Available	53,839.00	7/1/09-6/30/10	(53,839.00)		53,839.00						53,839.00
Nonpublic School Transportation Costs Aid	Not Available	66,120.00	7/1/10-6/30/11				(66,120.00)		(66,120.00)		(66,120.00)	66,120.00
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	2,386,106.28	7/1/09-6/30/10	(118,118.42)		118,118.42			(66,120.00)		(66,120.00)	2,386,106.28
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	2,364,993.27	7/1/10-6/30/11			2,248,039.65	(2,364,993.27)		(116,953.62)			2,364,993.27
				\$ (536,674.42)	\$	\$ 4,501,206.07	\$ (4,859,234.27)	\$ 155,313.00	\$ (739,389.62)	\$	\$ (777,749.00)	\$ 7,663,896.55
Special Revenue Fund:												
Textbook Aid	11-100-034-5120-064	15,119.00	7/1/10-6/30/11	\$	\$	\$ 15,119.00	\$ (15,119.00)	\$	\$	\$	\$	\$ 15,119.00
Nursing Aid	11-100-034-5120-070	17,915.00	7/1/10-6/30/11			17,915.00	(17,915.00)					17,915.00
Supplementary Instruction	10-100-034-5120-066	5,496.00	7/1/09-6/30/10		93.01			(93.01)				5,402.99
Supplementary Instruction	11-100-034-5120-066	6,461.00	7/1/10-6/30/11			6,461.00	(6,461.00)					6,461.00
Examination and Classification	10-100-034-5120-066	33,440.00	7/1/09-6/30/10		6,514.15			(6,514.15)				26,925.85
Examination and Classification	11-100-034-5120-066	24,073.00	7/1/10-6/30/11			24,073.00	(23,906.69)			166.31		26,925.85
Corrective Speech	10-100-034-5120-066	20,176.00	7/1/09-6/30/10		760.13			(760.13)				19,415.87
Corrective Speech	11-100-034-5120-067	18,776.00	7/1/10-6/30/11			18,776.00	(12,697.08)			6,078.92		12,697.08
Compensatory Education	11-100-034-5120-067	334.00	7/1/10-6/30/11			334.00	(266.25)			67.75		266.25
E.S.L.	11-100-034-5120-067	3,074.00	7/1/10-6/30/11			3,074.00	(3,074.00)					3,074.00
Character Education	06-495-034-5120-053	13,174.00	7/1/05-6/30/06	84.76					84.76			13,089.24
				\$ 84.76	\$ 7,367.29	\$ 85,752.00	\$ (79,439.02)	\$ (7,367.29)	\$ 84.76	\$ 6,312.98	\$	\$ 147,292.13
Capital Project Fund:												
SDA Grant- New High School	Not Available	15,630,815.60	Project Length	\$	\$	\$	(156,547.40)	\$	\$	\$	\$	\$ 15,450,120.46
SDA Grant- Upper Middle School	3320-070-09-1001	2,439,462.00	Project Length	(66,155.21)		243,946.20	(705,616.50)		(527,825.51)		(2,195,515.80)	771,771.71
SDA Grant- Orchard Hill Elementary School	3320-080-09-1002	3,817,968.00	Project Length	(170,643.75)		381,796.80	(1,368,397.16)		(1,157,244.11)		(3,436,171.20)	1,539,040.91
SDA Grant- Lower Middle School	3320-045-09-1003	2,430,366.00	Project Length	(39,765.37)		243,036.60	(330,025.49)		(126,754.26)		(2,187,329.40)	369,790.86
SDA Grant- The Village Elementary School	3320-105-09-1004	797,693.00	Project Length	(60,649.67)		79,769.30	(128,114.94)		(108,995.31)		(717,923.70)	188,764.61
				\$ (337,214.00)	\$	\$ 948,548.90	\$ (2,688,701.49)	\$	\$ (1,920,819.19)	\$	\$ (8,536,940.10)	\$ 18,319,488.55
Debt Service Fund:												
Debt Service Aid - Type II	11-495-034-5120-017	244,475.00	7/1/10-6/30/11	\$	\$	\$ 244,475.00	\$ (244,475.00)	\$	\$	\$	\$	\$ 244,475.00
				\$	\$	\$ 244,475.00	\$ (244,475.00)	\$	\$	\$	\$	\$ 244,475.00
Enterprise Fund:												
National School Lunch Program (State Share)	10-100-010-3360-067	15,528.66	7/1/09-6/30/10	(959.78)		959.78						15,528.66
National School Lunch Program (State Share)	11-100-010-3360-067	16,488.83	7/1/10-6/30/11			14,315.85	(16,488.83)		(2,172.98)			16,488.83
				\$ (959.78)	\$	\$ 15,275.63	\$ (16,488.83)	\$	\$ (2,172.98)	\$	\$	\$ 32,017.49
Total State Financial Assistance Subject to OMB 04-04				\$ (874,763.44)	\$ 7,367.29	\$ 5,795,257.60	\$ (7,888,338.61)	\$ 147,945.71	\$ (2,662,297.03)	\$ 6,312.98	\$ (9,314,689.10)	\$ 26,407,169.72
On Behalf TPAF Contributions Not Subject to OMB 04-04:												
On-behalf TPAF non-contributory insurance						\$ 96,873.00	\$ (96,873.00)					
On-behalf TPAF post retirement medical						2,057,589.00	(2,057,589.00)					
						\$ 7,949,719.60	\$ (10,042,800.61)					

See accompanying notes to schedules of financial assistance.

Township of Montgomery School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2011

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 OMB Circular A-133, 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.

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, 2011

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$364,406.00) for the general fund and \$33,997.29 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		\$4,859,234.27	\$4,859,234.27
Special Revenue Fund	\$1,956,146.02	79,439.02	2,035,585.04
Capital Projects Fund		2,688,701.49	2,688,701.49
Debt Service Fund		244,475.00	244,475.00
Food Service Fund	219,218.47	16,488.83	235,707.30
	<u>219,218.47</u>	<u>16,488.83</u>	<u>235,707.30</u>
Total Awards & Financial Assistance	<u>\$2,175,364.49</u>	<u>\$7,888,338.61</u>	<u>\$10,063,703.10</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 represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. 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, 2011.

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

- | | | |
|-----|---|---------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | None Reported |
| | (a) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unqualified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular OMB A-133? | None Reported |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>CFDA</u>
IDEA Part B Basic C/O	84.027
IDEA Part B Basic	84.027
ARRA IDEA Part B Basic	84.391
IDEA Part B Preschool	84.173
ARRA IDEA Part B Preschool	84.392

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

Federal Program(s) Continued

- (5) Program Threshold Determination:
 Type A Federal Program Threshold > \$300,000.00
 Type B Federal Program Threshold <= \$300,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (a) Material weakness identified? None Reported
 - (b) Significant deficiencies identified that are not considered to be material weaknesses? N/A
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unqualified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? None Reported
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
SDA-High School	-----
SDA-Upper Middle	3320-070-09-1001
SDA-Orchard hill	3320-080-09-1002
SDA-Lower Middle	3320-045-09-1003
SDA-Village	3320-105-09-1004

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

State Program(s) Continued

- (5) Program Threshold Determination:
Type A State Program Threshold > \$300,000.00
Type B State Program Threshold <= \$300,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

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.



