

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Montclair School District**

**Montclair, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

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

**Finance Department**

**SCHOOL DISTRICT  
OF  
TOWNSHIP OF MONTCLAIR**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
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**INTRODUCTORY SECTION**



# MONTCLAIR PUBLIC SCHOOLS

## BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042

WWW.MONTCLAIR.K12.NJ.US

October 19, 2012

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Montclair School District (District) for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 and account groups 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: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "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 Montclair School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Montclair Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. The educational services provided include regular and vocational programs as well as special education programs for youngsters with special needs. The district enrollment has remained relatively stable over the past five years.

The following details the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	6,657	0.18
2010-11	6,645	(0.41)
2009-10	6,673	0.55
2008-09	6,636	1.1
2007-08	6,561	(0.90)

## **2. ECONOMIC CONDITION AND OUTLOOK**

The Township of Montclair is primarily residential with a few commercial ratables and with little space remaining for development. Several years ago, the Township completed a revaluation of all property. Since then, many tax appeals have resulted in a decrease in the net valuation taxable from \$7.335 billion in 2008 to \$7.185 billion in 2011. The Township is planning to do another revaluation of property in the near future. As state and federal aid to education declines, the local tax levy has assumed a larger percentage of the school budget.

Families with young children choose Montclair for its excellent schools. The housing market remains active as senior citizens leave the area and are replaced by younger families. The school system is expected to continue to maintain enrollment at approximately 6,657 students for the next ten years.

## **3. MAJOR INITIATIVES**

Students continue to score significantly above the state averages on the NJASK 3 and 4, GEPA and HSPA Tests. Montclair High School seniors' average combined math and verbal Scholastic Assessment Test (SAT) scores exceeded statewide performance.

Ninety two percent of our 2012 graduates went on to colleges and universities.

## **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) 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 a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control 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 Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved by the Board of School Estimate for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section of this report.

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 appropriations of fund balance in the subsequent year.

## **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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

## **7. CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **8. RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, terrorism, environmental, umbrella coverage and fidelity bonds.

## 9. OTHER INFORMATION

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP was selected by the Board. 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 of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and 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.

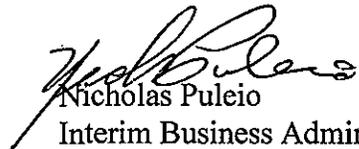
## 10. ACKNOWLEDGEMENTS

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

Respectfully submitted,



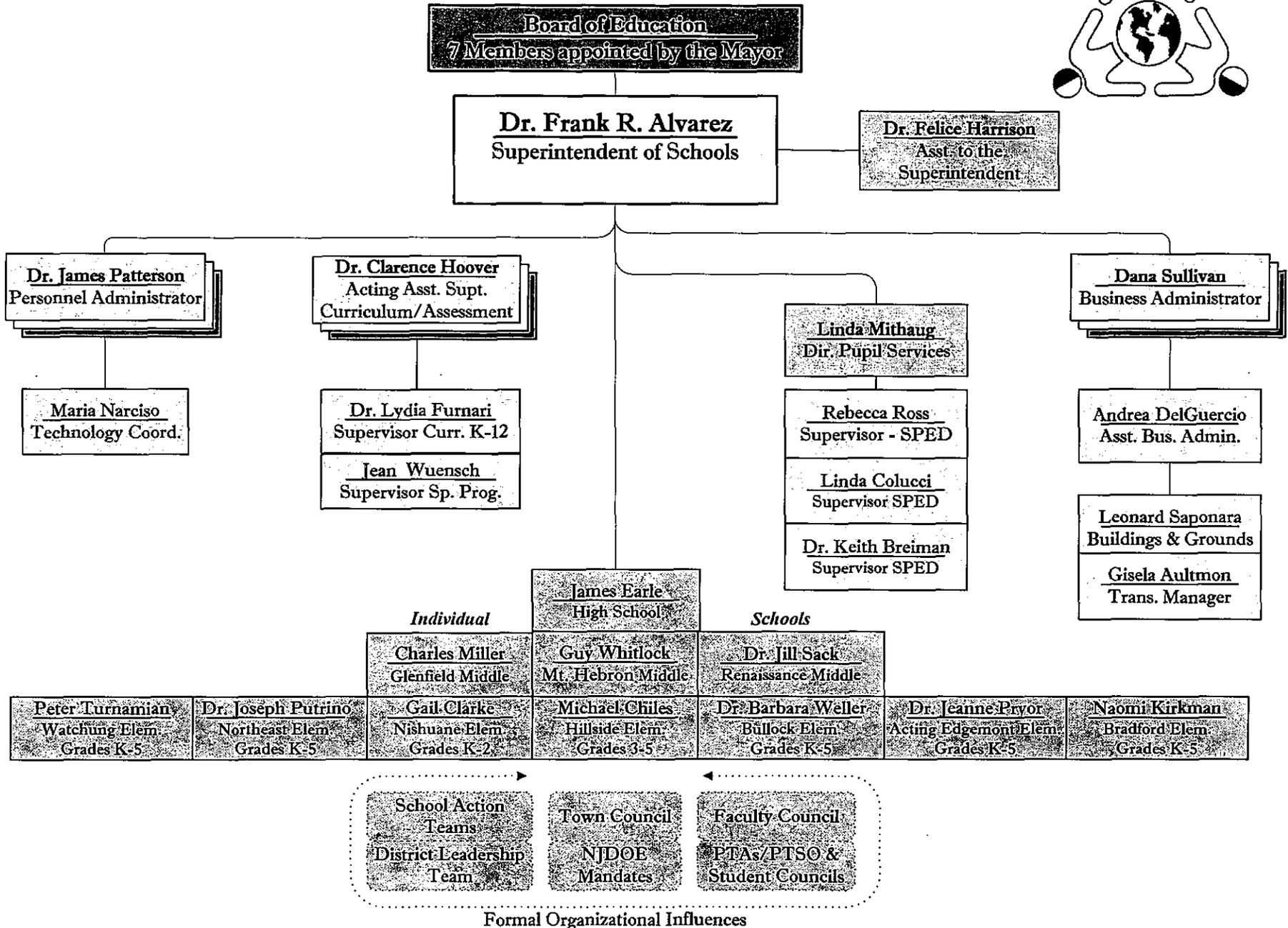
Clarence C. Hoover  
Interim Superintendent



Nicholas Puleio  
Interim Business Administrator/  
Board Secretary

# Montclair Public Schools

Organizational Chart 2011-2012



**MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robin Kulwin, President	2013
Leslie Larson, Vice President	2015
Angelica Allen-McMillan	2013
Tanya Coke	2014
Shelly Lombard	2015
Norman Rosenblum	2014
Deborah M. Wilson	2013

<u>Other Officers</u>	<u>Title</u>
Frank R. Alvarez	Superintendent of Schools
Dana Sullivan	Business Administrator/Board Secretary
Michael Zazzarino	Treasurer

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors

**Architect**

Richard Rigolo  
151 Grove Street  
Clifton, New Jersey 07013

**Attorney**

Adams, Stern, Gutierrez & Lattiboudere, LLC  
1037 Raymond Boulevard, Suite 900  
Newark, New Jersey 07102

**Audit Firm**

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

**Official Depositories**

Investors Savings Bank  
505 Bloomfield Avenue  
Montclair, New Jersey 07042

State of New Jersey Cash Management Fund  
Citifund Services  
P.O. Box 182218  
Columbus, Ohio 43218-2218

Bank of America  
605 Valley Road  
Montclair, New Jersey 07042

TD Bank  
233 Bloomfield Avenue  
Montclair, New Jersey 07042

Capital One Bank  
Plaza 46 West  
West Paterson, New Jersey 07424

Valley National Bank  
1445 Valley Road  
Wayne, New Jersey 07470

**FINANCIAL SECTION**



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
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 Lawrence Business Center  
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 Newton, NJ 07860  
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### Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District in the County of Essex as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The financial statements of the Montclair Township School District as of June 30, 2011 were audited by another auditor whose report dated November 4, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Montclair Township School District in the County of Essex as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2012 on our consideration of the Board of Education of the Montclair Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

of the Board of Education  
Montclair Township School District  
Page 2

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montclair Township School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

November 4, 2012  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
Raymond G. Sarinelli  
Licensed Public School Accountant #864  
Certified Public Accountant

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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

This section of the Montclair Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the district’s financial statements, which immediately follow this section.

**Financial Highlights**

- Total net assets have increased by \$726,127 or 0.89%.
- Overall revenue was \$119,183,308.
- Overall expenditures were \$118,457,181.

**Overview of the Financial Statements**

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

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

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

**Figure A-1  
Organization of Parsippany-Troy Hills’s Financial Report**

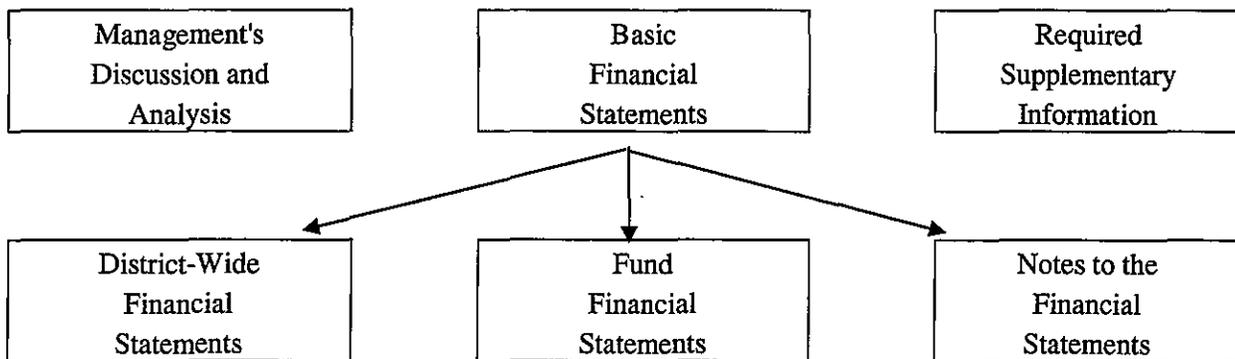


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

Figure A-2

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

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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

***District-wide Statements***

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

The two district-wide statements report the district's *net 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 is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional nonfinancial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

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

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

***Fund Financial Statements***

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

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

The district has three kinds of funds:

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

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

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

### Financial Analysis of the District as a Whole

*Net Assets.* The district's combined net assets were \$82,059,519 on June 30, 2012, \$726,127 or 0.89% more than they were the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2011/2012	2010/2011 *	2011/2012	2010/2011	2011/2012	2010/2011 *	
Current and Other Assets	\$ 20,257,733	\$ 34,660,987	\$ 551,538	\$ 595,836	\$ 20,809,271	\$ 35,256,823	-40.98%
Capital Assets	68,665,576	67,336,003	194,743	21,887	68,860,319	67,357,890	2.23%
Total Assets	<u>88,923,309</u>	<u>101,996,990</u>	<u>746,281</u>	<u>617,723</u>	<u>89,669,590</u>	<u>102,614,713</u>	-12.62%
Long-Term Liabilities	2,139,464	2,467,036			2,139,464	2,467,036	-13.28%
Other Liabilities	5,156,589	7,376,279	314,018	261,801	5,470,607	7,638,080	-28.38%
Total Liabilities	<u>7,296,053</u>	<u>9,843,315</u>	<u>314,018</u>	<u>261,801</u>	<u>7,610,071</u>	<u>10,105,116</u>	-24.69%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	68,665,576	67,336,003	194,743	21,887	68,860,319	67,357,890	2.23%
Restricted	11,718,456	13,503,526			11,718,456	13,503,526	-13.22%
Unrestricted/(Deficit)	<u>1,243,224</u>	<u>137,941</u>	<u>237,520</u>	<u>334,035</u>	<u>1,480,744</u>	<u>471,976</u>	213.73%
Total Net Assets	<u>\$ 81,627,256</u>	<u>\$ 80,977,470</u>	<u>\$ 432,263</u>	<u>\$ 355,922</u>	<u>\$ 82,059,519</u>	<u>\$ 81,333,392</u>	<u>0.89%</u>

\* - Restated

*Changes in Net Assets.* The district's combined net assets decreased \$726,127 or 0.89%. Net assets from governmental activities increased \$649,786 and an increase in net assets from business-type activities of \$76,341. Net assets invested in capital assets increased \$1,502,429 due to an increase in capital assets offset by current year depreciation, restricted net assets decreased \$1,785,070 and unrestricted net assets increased by \$1,008,768.

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 523,788		\$ 681,788	\$ 858,972	\$ 1,205,576	\$ 858,972	40.35%
Operating Grants & Contributions	18,801,996	\$ 11,478,828	590,331	578,679	19,392,327	12,057,507	60.83%
Capital Grants and Contributions	25,399				25,399		100.00%
<b>General Revenue:</b>							
Property Taxes	97,509,698	101,103,844			97,509,698	101,103,844	-3.55%
Unrestricted Federal & State Aid	763,527	6,844,292			763,527	6,844,292	-88.84%
Other	(108,013)	1,815,478	394,794	50,317	286,781	1,865,795	-84.63%
<b>Total Revenue</b>	<b>117,516,395</b>	<b>121,242,442</b>	<b>1,666,913</b>	<b>1,487,968</b>	<b>119,183,308</b>	<b>122,730,410</b>	<b>-2.89%</b>
<b>Expenses:</b>							
Instruction	65,972,006	65,748,174			65,972,006	65,748,174	0.34%
Pupil and Instruction Services	24,690,529	25,135,846			24,690,529	25,135,846	-1.77%
Administrative and Business	9,518,659	9,395,548			9,518,659	9,395,548	1.31%
Maintenance and Operations	9,275,074	9,458,409			9,275,074	9,458,409	-1.94%
Transportation	4,327,092	4,198,807			4,327,092	4,198,807	3.06%
Special Schools	503,306	462,743			503,306	462,743	8.77%
Other	2,579,943	2,534,034	1,590,572	1,515,284	4,170,515	4,049,318	2.99%
<b>Total Expenses</b>	<b>116,866,609</b>	<b>116,933,561</b>	<b>1,590,572</b>	<b>1,515,284</b>	<b>118,457,181</b>	<b>118,448,845</b>	<b>0.01%</b>
Increase/(Decrease) in Net Assets	\$ 649,786	\$ 4,308,881	\$ 76,341	\$ (27,316)	\$ 726,127	\$ 4,281,565	83.04%

*Revenue Sources.* The district's total revenue for the 2011-2012 school year was \$119,183,308. (See Figure A-4). Property taxes accounted for most of the district's revenue with local taxes accounting for \$97,509,698 of the total, or 81.82%. (See Figure A-5). Another 16.93% came from state and federal aid and the remainder from miscellaneous sources. Montclair Township School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5  
Sources of School District Revenue - Fiscal Year 2012**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 5,747,796	4.82%
Property Taxes	97,509,698	81.82%
Federal and State Categorical Grants	14,433,457	12.11%
Charges for Services	1,205,576	1.01%
Other	286,781	0.24%
	<b>\$ 119,183,308</b>	<b>100.00%</b>

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

The total cost of all programs and services was \$118,457,181. The district's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (76.53 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.04%. The Montclair Township School District operates 12 schools, and an administration building which results in maintenance costs of 7.83 percent.

**Figure A-6  
Sources of School District Expenses - Fiscal Year 2012**

Expense Category:	Amount	Percentage
Instruction	\$ 65,972,006	55.69%
Pupil and Instruction Services	24,690,529	20.84%
Administrative and Business	9,518,659	8.04%
Maintenance and Operations	9,275,074	7.83%
Transportation	4,327,092	3.65%
Special Schools	503,306	0.42%
Other	4,170,515	3.53%
	<u>\$ 118,457,181</u>	<u>100.00%</u>

### Governmental Activities

Net assets from the district's governmental activities increased by \$726,127 in 2011-2012. A majority of all revenue for the Montclair Township School District is collected through property taxes. Each year, the District must seek Board of School Estimate approval for its operations. Property taxes made up 81.82% of revenues for governmental activities.

Instruction comprises 76.53% of District expenses, support services 19.52%, and all others 3.95%.

Figure A-7 presents the cost of seven major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, special schools and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the district's taxpayers by each of these functions.

**Figure A-7  
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2011/2012	2010/2011	2011/2012	2010/2011
Instruction	\$ 65,972,006	\$ 65,748,174	52,123,172	\$ 60,137,986
Pupil and Instruction Services	24,690,529	25,135,846	22,361,610	25,391,377
Administrative and Business	9,518,659	9,395,548	8,725,887	9,955,326
Maintenance and Operations	9,275,074	9,458,409	8,458,826	11,136,422
Transportation	4,327,092	4,198,807	3,246,886	5,971,740
Special Schools	503,306	462,743	44,501	(255,374)
Other	2,579,943	2,534,034	2,554,544	4,393,160
	<u>\$ 116,866,609</u>	<u>\$ 116,933,561</u>	<u>\$ 97,515,426</u>	<u>\$ 116,730,637</u>

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

***Business-Type Activities***

- Net assets from the district's business-type activity increased \$76,341. (Refer to Figure A-4).

**General Fund Budgetary Highlights**

Over the course of the year, the district revised the annual operating budget several times. These budget amendments fall into six categories:

- The District received a greater amount of Extraordinary Aid than anticipated in the 2011-2012 budget year representing an increase of 167%.
- In July of 2011 (11/12 fiscal year) Montclair Board of Education received notification that it would receive an additional \$1,098,259 in State Aid that was unanticipated when the budget was adopted.
- The District's special education tuition costs decreased in 2011-2012 as a result of students' returning back to the district from private placements and support from the IDEA Grant
- District costs of plant operations and maintenance were reduced due to lowered heating and electricity costs and deferred maintenance projects.
- As a result of fewer out of district placements, transportation costs for the District in this category were also lower in 2011-2012.
- The District had a decrease in employee benefits costs as a result of a reduction in claims experience.

**Capital Asset and Debt Administration**

**Figure A-8  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	
Land	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	0.00%
Buildings and Improvements	60,835,499	59,542,229			60,835,499	59,542,229	2.17%
Machinery and Equipment	2,642,721	2,606,419	\$ 194,743	\$ 21,887	2,837,464	2,628,306	7.96%
<b>Total Capital Assets</b>	<b>\$ 68,665,575</b>	<b>\$ 67,336,003</b>	<b>\$ 194,743</b>	<b>\$ 21,887</b>	<b>\$ 68,860,318</b>	<b>\$ 67,357,890</b>	<b>2.23%</b>

The District's capital assets grew by \$1,502,428. Capital acquisitions were \$4,325,461 offset by depreciation of \$2,786,620 and decreases of \$36,413. Major acquisitions of the District are mainly continued progress and the completion of several construction projects.

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)**

**Long-term Debt**

At year-end, the District had \$2,139,464 in Compensated Absences Payable outstanding – a decrease of \$327,572 from the prior year - as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-9  
Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2011/2012	2010/2011	
Compensated Absences Payable	\$ 2,139,464	\$ 2,467,036	-13.28%

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

The Audit for Fiscal Year 2012 reflects a strong financial position for the Montclair School District which is supporting the current year (2012-2013) budget through the use of unanticipated fund balance. In addition, funding to the Maintenance and Capital Reserve accounts will increase in a prudent approach to protect the district's infrastructure.

As the district prepares for the development of the 2013-2014 budget it will face the ongoing challenges of the State mandated 2% Cap on the Tax Levy while reoccurring expenses in the areas of special education costs, utilities, transportation and employee health benefits with increases in excess of the cap. The ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

Exhibit A-1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 13,720,956	\$ 269,534	\$ 13,990,490
Receivables from Other Governments	2,562,492	92,387	2,654,879
Accounts Receivable- Other	2,144,513	9,262	2,153,775
Internal Balances	(171,229)	171,229	
Interfund Receivable	1,000		1,000
Inventory		9,126	9,126
Restricted Cash and Cash Equivalents	2,000,001		2,000,001
Capital Assets:			
Sites (Land)	5,187,355		5,187,355
Depreciable Buildings and Building Improvements and Machinery and Equipment	63,478,221	194,743	63,672,964
Total Assets	<u>88,923,309</u>	<u>746,281</u>	<u>89,669,590</u>
<b>LIABILITIES:</b>			
Accounts Payable - Vendors	2,539,627	280,090	2,819,717
Accrued Liability for Health Claims	2,380,182		2,380,182
Deferred Revenue	129,304	33,928	163,232
Payable to Federal Government	11,623		11,623
Payable to State Government	95,853		95,853
Noncurrent Liabilities:			
Due Beyond One Year	2,139,464		2,139,464
Total Liabilities	<u>7,296,053</u>	<u>314,018</u>	<u>7,610,071</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	68,665,576	194,743	68,860,319
Restricted for:			
Capital Projects	4,213,563		4,213,563
Other Purposes	7,504,893		7,504,893
Unrestricted	1,243,224	237,520	1,480,744
Total Net Assets	<u>\$ 81,627,256</u>	<u>\$ 432,263</u>	<u>\$ 82,059,519</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 48,878,543		\$ 5,964,921		\$ (42,913,622)		\$ (42,913,622)
Special Education	13,240,517		7,558,313		(5,682,204)		(5,682,204)
Other Instruction	2,043,269		186,576		(1,856,693)		(1,856,693)
School Sponsored Instruction	1,809,677		139,024		(1,670,653)		(1,670,653)
Support Services:							
Tuition	4,783,313	\$ 64,983	447,244		(4,271,086)		(4,271,086)
Student Services	18,181,960		1,816,692		(16,365,268)		(16,365,268)
Instruction Services	1,725,256				(1,725,256)		(1,725,256)
General Administrative Services	1,874,286		88,339		(1,785,947)		(1,785,947)
School Administrative Services	5,687,924		546,373		(5,141,551)		(5,141,551)
Central Services	1,655,412		147,550		(1,507,862)		(1,507,862)
Administrative Information Technology	301,037		10,510		(290,527)		(290,527)
Plant Operations and Maintenance	9,275,074		816,248		(8,458,826)		(8,458,826)
Pupil Transportation	4,327,092		1,080,206		(3,246,886)		(3,246,886)
Capital Outlay	76,167			\$ 25,399	(50,768)		(50,768)
Charter Schools	21,582				(21,582)		(21,582)
Special Schools	503,306	458,805			(44,501)		(44,501)
Unallocated Depreciation	2,482,194				(2,482,194)		(2,482,194)
<b>Total Governmental Activities</b>	<b>116,866,609</b>	<b>523,788</b>	<b>18,801,996</b>	<b>25,399</b>	<b>(97,515,426)</b>		<b>(97,515,426)</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 1,453,543	\$ 595,702	\$ 590,331		\$ (267,510)	\$ (267,510)	
Special Programs	137,029	86,086			(50,943)	(50,943)	
Total Business-Type Activities	<u>1,590,572</u>	<u>681,788</u>	<u>590,331</u>		<u>(318,453)</u>	<u>(318,453)</u>	
Total Primary Government	<u>\$ 118,457,181</u>	<u>\$ 1,205,576</u>	<u>\$ 19,392,327</u>	<u>\$ 25,399</u>	<u>\$ (97,515,426)</u>	<u>(318,453)</u>	<u>(97,833,879)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					97,509,698		97,509,698
Federal and State Aid Not Restricted					763,527		763,527
Investment Earnings						227	227
Miscellaneous Income					286,554		286,554
Transfers					<u>(394,567)</u>	<u>394,567</u>	
Total General Revenues & Transfers					<u>98,165,212</u>	<u>394,794</u>	<u>98,560,006</u>
Change in Net Assets					649,786	76,341	726,127
Net Assets - Beginning (As Restated)					<u>80,977,470</u>	<u>355,922</u>	<u>81,333,392</u>
Net Assets - Ending					<u>\$ 81,627,256</u>	<u>\$ 432,263</u>	<u>\$ 82,059,519</u>

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

**FUND FINANCIAL STATEMENTS**

Exhibit B-1

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 11,399,863	\$ 2,301,190	\$ 19,903	\$ 13,720,956
Interfund Receivable	2,801,000			2,801,000
Receivables From Federal Government	41,196	1,136,376		1,177,572
Receivables From State Government	1,378,602	6,318		1,384,920
Accounts Receivable- Other	450,666	188	1,693,659	2,144,513
Restricted Cash and Cash Equivalents	2,000,001			2,000,001
<b>Total Assets</b>	<b><u>\$ 18,071,328</u></b>	<b><u>\$ 3,444,072</u></b>	<b><u>\$ 1,713,562</u></b>	<b><u>\$ 23,228,962</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable - Vendors	2,132,335	407,292		2,539,627
Accrued Liability for Health Claims	2,380,182			2,380,182
Interfund Payable	171,229	2,800,000		2,971,229
Deferred Revenue		129,304		129,304
Payable to Federal Government		11,623		11,623
Payable to State Government		95,853		95,853
<b>Total Liabilities</b>	<b><u>4,683,746</u></b>	<b><u>3,444,072</u></b>		<b><u>8,127,818</u></b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	1,500,001			1,500,001
Maintenance Reserve	500,000			500,000
Excess Surplus	3,255,578			3,255,578
Excess Surplus - Designated for Subsequent Year's Expenditures	4,717,809			4,717,809
Adult Education Programs	31,506			31,506
Capital Projects Fund			1,713,562	1,713,562
<b>Assigned:</b>				
Year End Encumbrances	88,749			88,749
Designated for Subsequent Year's Expenditures	1,004,590			1,004,590
Unassigned/(Deficit)	2,289,349			2,289,349
<b>Total Fund Balances</b>	<b><u>13,387,582</u></b>		<b><u>1,713,562</u></b>	<b><u>15,101,144</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 18,071,328</u></b>	<b><u>\$ 3,444,072</u></b>	<b><u>\$ 1,713,562</u></b>	<b><u>23,228,962</u></b>

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 the assets is \$89,682,585 and the accumulated depreciation is \$21,017,009.	68,665,576
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,139,464)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 81,627,256</u></b>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 97,509,698			\$ 97,509,698
Miscellaneous	810,342	\$ 235,505	\$ 25,399	1,071,246
Total - Local Sources	98,320,040	235,505	25,399	98,580,944
State Sources	15,741,458	397,004		16,138,462
Federal Sources	406,924	2,784,633		3,191,557
<b>Total Revenue</b>	<b>114,468,422</b>	<b>3,417,142</b>	<b>25,399</b>	<b>117,910,963</b>
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	35,425,827	1,542,646		36,968,473
Special Education Instruction	8,803,290	1,427,252		10,230,542
Other Instruction	1,539,649			1,539,649
School Sponsored Instruction	1,434,414			1,434,414
Support Services and Undistributed Costs:				
Tuition	4,336,069	447,244		4,783,313
Student Services	13,659,782			13,659,782
Instruction Services	1,367,696			1,367,696
General Administration Services	1,627,834			1,627,834
School Administration Services	4,188,259			4,188,259
Central Services	1,257,133			1,257,133
Administration Information Technology	272,669			272,669
Plant Operations and Maintenance	7,898,069			7,898,069
Pupil Transportation	4,245,329			4,245,329
Unallocated Benefits	24,358,225			24,358,225

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
EXPENDITURES:				
Capital Outlay	\$ 509,937		\$ 3,657,543	4,167,480
Charter School	21,582			21,582
Special Schools	503,306			503,306
Total Expenditures	<u>111,449,070</u>	<u>\$ 3,417,142</u>	<u>3,657,543</u>	<u>118,523,755</u>
Excess/(Deficiency) of Revenue over Expenditures	3,019,352		(3,632,144)	(612,792)
OTHER FINANCING SOURCES/(USES):				
Transfers Out	(394,567)			(394,567)
Total Other Financing Sources/(Uses)	<u>(394,567)</u>			<u>(394,567)</u>
Net Change in Fund Balances	2,624,785		(3,632,144)	(1,007,359)
Fund Balance—July 1 (as restated)	<u>10,762,797</u>		<u>5,345,706</u>	<u>16,108,503</u>
Fund Balance—June 30	<u>\$ 13,387,582</u>	<u>\$ -0-</u>	<u>\$ 1,713,562</u>	<u>\$ 15,101,144</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (1,007,359)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals of assets with carrying value in the period.

	Depreciation expense	\$ (2,761,740)	
	Disposals of Assets with Carrying Value	(36,413)	
	Capital outlays	<u>4,127,726</u>	
			1,329,573

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

327,572

Total Change in Net Assets - Governmental Activities (Exhibit A-2) \$ 649,786

Exhibit B-4

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Food Service Program	Special Programs	Total Business-Type Activities - Enterprise
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 17,374	\$ 252,160	\$ 269,534
Intergovernmental Accounts Receivable:			
State	2,279		2,279
Federal	90,108		90,108
Accounts Receivable- Other	9,262		9,262
Interfund Receivable	171,229		171,229
Inventories	9,126		9,126
Total Current Assets	<u>299,378</u>	<u>252,160</u>	<u>551,538</u>
Non-Current Assets:			
Capital Assets	509,243		509,243
Less: Accumulated Depreciation	<u>(314,500)</u>		<u>(314,500)</u>
Total Non-Current Assets	<u>194,743</u>		<u>194,743</u>
Total Assets	<u>494,121</u>	<u>252,160</u>	<u>746,281</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Deferred Revenue	33,928		33,928
Accounts Payable - Vendors	<u>265,450</u>	<u>14,640</u>	<u>280,090</u>
Total Liabilities	<u>299,378</u>	<u>14,640</u>	<u>314,018</u>
<b>NET ASSETS:</b>			
Investment in Capital Assets Net of Related Debt	194,743		194,743
Unrestricted		<u>237,520</u>	<u>237,520</u>
Total Net Assets	<u>\$ 194,743</u>	<u>\$ 237,520</u>	<u>\$ 432,263</u>

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

## Exhibit B-5

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Food Service Program</u>	<u>Non-Major Funds Special Programs</u>	<u>Total Business-Type Activities - Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 472,750		\$ 472,750
Daily Sales - Non-Reimbursable Programs	74,225		74,225
Special Functions	48,727		48,727
Mentor Fees		\$ 69,487	69,487
Tuition		16,599	16,599
Total Operating Revenue	<u>595,702</u>	<u>86,086</u>	<u>681,788</u>
Operating Expenses:			
Cost of Sales	437,662		437,662
Salaries, Benefits & Payroll Taxes	706,792	112,815	819,607
Administrative Expenses	88,234	17,500	105,734
Supplies and Materials	57,713	6,714	64,427
Management Fee	117,664		117,664
Miscellaneous Expenses	24,878		24,878
Depreciation Expense	20,600		20,600
Total Operating Expenses	<u>1,453,543</u>	<u>137,029</u>	<u>1,590,572</u>
Operating (Loss)	(857,841)	(50,943)	(908,784)
Non-Operating Revenue:			
Local Sources:			
Interest Income	227		227
State Sources:			
State School Lunch Program	15,177		15,177
Federal Sources:			
National School Breakfast Program	81,790		81,790
National School Lunch Program	493,364		493,364
Board Contribution	394,567		394,567
Total Non-Operating Revenue	<u>985,125</u>		<u>985,125</u>
Change in Net Assets	127,284	(50,943)	76,341
Net Assets - Beginning of Year	<u>67,459</u>	<u>288,463</u>	<u>355,922</u>
Net Assets - End of Year	<u>\$ 194,743</u>	<u>\$ 237,520</u>	<u>\$ 432,263</u>

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

Exhibit B-6

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Food Service Program</u>	<u>Special Programs</u>	<u>Total Business-Type Activities - Enterprise</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 620,368	\$ 86,086	\$ 706,454
Payments to Employees		(110,415)	(110,415)
Payments to Food Service Vendor	(1,524,669)		(1,524,669)
Payments to Suppliers	(19,100)	(14,214)	(33,314)
Net Cash Used for Operating Activities	<u>(923,401)</u>	<u>(38,543)</u>	<u>(961,944)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(41,000)		(41,000)
Net Cash used for Capital and Related Financing Activities	<u>(41,000)</u>		<u>(41,000)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	227		227
Net Cash Provided by Investing Activities	<u>227</u>		<u>227</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	540,459		540,459
Cash Received from Operating Transfers	331,220		331,220
Net Cash Provided by Noncapital Financing Activities	<u>871,679</u>		<u>871,679</u>
Net Decrease in Cash and Cash Equivalents	(92,495)	(38,543)	(131,038)
Cash and Cash Equivalents, July 1	109,869	290,703	400,572
Cash and Cash Equivalents, June 30	<u>\$ 17,374</u>	<u>\$ 252,160</u>	<u>\$ 269,534</u>
Reconciliation of Operating Loss to Net Cash (Used) for Operating Activities:			
Operating (Loss)	\$ (857,841)	\$ (50,943)	\$ (908,784)
Adjustment to Reconcile Operating Income/(Loss) to Cash (Used for) Operating Activities:			
Depreciation	24,878		24,878
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(9,262)		(9,262)
Increase/(Decrease) in Deferred Revenue	33,928		33,928
(Increase)/Decrease in Inventory	(1,114)		(1,114)
Increase/(Decrease) in Accounts Payable	(113,990)	12,400	(101,590)
Net Cash Used for Operating Activities	<u>\$ (923,401)</u>	<u>\$ (38,543)</u>	<u>\$ (961,944)</u>

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

## Exhibit B-7

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 917,031	\$ 499,832
<b>Total Assets</b>	<u>917,031</u>	<u>499,832</u>
<b>LIABILITIES:</b>		
Interfund Payable	1,000	
Due to Student Groups	348,357	
Payroll Deductions and Withholdings	<u>567,674</u>	
<b>Total Liabilities</b>	<u>917,031</u>	
<b>NET ASSETS:</b>		
Held in Trust for:		
Unemployment Compensation Claims		<u>499,832</u>
<b>Total Net Assets</b>	<u>\$ -0-</u>	<u>\$ 499,832</u>

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

Exhibit B-8

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee Contributions	\$ 168,721
Board Contribution	<u>500,000</u>
Total Contributions	<u>668,721</u>
Investment Earnings:	
Interest	<u>834</u>
Net Investment Earnings	<u>834</u>
Total Additions	<u>669,555</u>
Deductions	
Unemployment Compensation Claims	<u>520,526</u>
Total Deductions	<u>520,526</u>
Change in Net Assets	149,029
Net Assets - Beginning of the Year	<u>350,803</u>
Net Assets - End of the Year	<u><u>\$ 499,832</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include 8 elementary schools, 3 middle schools, and 1 high school located in Montclair Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, 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.

The District reports the following governmental funds:

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

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

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

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 bond ordinances that are specifically authorized by the Township of Montclair and from aid provided by the state to offset the cost of approved capital projects.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

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

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office by the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 114,686,462	\$ 3,417,142
Differences - Budget to GAAP:		
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	303,813	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(521,853)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 114,468,422</u>	<u>\$ 3,417,142</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 111,449,070	\$ 3,417,142
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 111,449,070	\$ 3,417,142
		Capital Projects Fund
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule - Township of Montclair Township of Montclair Unexpended balances of Ordinances		\$ 3,053,440 (3,028,041)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		\$ 25,399
		Capital Projects Fund
Restricted		\$ 15,917,808
Reconciliation to Governmental Funds Statements (GAAP): Township Receivable not Recognized on GAAP Basis		(14,204,246)
Fund Balance per Governmental Funds (GAAP)		\$ 1,713,562

E. Cash and Cash Equivalents

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

E. Cash and Cash Equivalents (Cont'd)

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets

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

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

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

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

L. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not undisbursed amounts be retained in a separate bank account. As of June 30, 2012, the amount earned by these employees but not disbursed was \$140,785.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

M. Long Term Liabilities

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) 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 vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

O. Deferred Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$13,387,582 General Fund fund balance at June 30, 2012, \$88,749 is assigned for encumbrances; \$1,004,590 is assigned as designated for subsequent year's expenditures; \$1,500,001 is restricted in the capital reserve account; \$500,000 is restricted in the maintenance reserve; \$31,506 is restricted for Adult Education Programs; \$3,255,578 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2014; \$4,717,809 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2013, and \$2,289,349 is unassigned.

Capital Projects Fund: The Capital Projects Fund has \$1,713,562 of restricted fund balance at June 30, 2012.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

Calculation of Excess Surplus: The designation for Restricted Fund Balance -- Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$3,225,578.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$521,853 as reported in the fund financial statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. 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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School 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.

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

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

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, and an adult education reserve and Capital Project Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2012.

S. Revenue - Exchange and Non-exchange Transactions

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

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

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

T. Operating Revenue and Expenses

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

U. Management Estimates

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (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 statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 15,407,353</u>	<u>\$ 1,500,001</u>	<u>\$ 500,000</u>	<u>\$ 17,407,354</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was \$17,407,354 and the bank balance was \$18,908,394.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance July 1, 2011	\$ 1
Increased by Board Resolution June 18, 2012	<u>1,500,000</u>
Balance June 30, 2012	<u>\$ 1,500,001</u>

The balance in the capital reserve at June 30, 2012 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance July 1, 2011	\$	-0-
Increased by Board Resolution June 18, 2012		<u>500,000</u>
Balance June 30, 2012	\$	<u><u>500,000</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$470,185 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets not Being Depreciated:</b>				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	<u>5,187,355</u>			<u>5,187,355</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Building Improvements	73,585,441	\$ 3,428,184	\$ (101,381)	76,912,244
Machinery and Equipment	6,818,476	699,542	64,968	7,582,986
Total Capital Assets Being Depreciated	<u>80,403,917</u>	<u>4,127,726</u>	<u>(36,413)</u>	<u>84,495,230</u>
Governmental Activities Capital Assets	<u>85,591,272</u>	<u>4,127,726</u>	<u>(36,413)</u>	<u>89,682,585</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Building Improvements	(14,043,212)	(2,033,533)		(16,076,745)
Machinery and Equipment	(4,212,057)	(728,208)		(4,940,265)
	<u>(18,255,269)</u>	<u>(2,761,741)</u>		<u>(21,017,010)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 67,336,003</u>	<u>\$ 1,365,985</u>	<u>\$ (36,413)</u>	<u>\$ 68,665,575</u>
<b>Business Type Activities:</b>				
<b>Capital Assets Being Depreciated:</b>				
Furniture and Equipment	\$ 311,507	\$ 197,735	\$ 1	\$ 509,243
Less Accumulated Depreciation	(289,620)	(24,879)	(1)	(314,500)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,887</u>	<u>\$ 172,856</u>	<u>\$ -0-</u>	<u>\$ 194,743</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 7. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 155,043
Support/Administration	109,072
Transportation	5,636
Maintenance/Custodial	9,795
Unallocated	<u>2,482,195</u>
	<u>\$ 2,761,741</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2011</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2012</u>
Compensated Absences Payable	<u>\$ 2,467,036</u>	<u>\$ 112,312</u>	<u>\$ 439,884</u>	<u>\$ 2,139,464</u>

A. Bonds and Loans Payable:

The Montclair Township School District is a Type I School District and the members of the Board of Education are appointed by the Mayor. A Board of School Estimate approves the school district tax levy after the final budget is determined by the Board of Education. The members of the Board of School Estimate include the Mayor, two members of the local school board and two members of the governing body. School debt, authorized by the Board of School Estimate, are obligations of the Township of Montclair's balance sheet of the General Capital Fund and are detailed as follows and is as of December 31, 2011. This debt does include the 2011 refunding bonds of \$2,750,000 for school purposes.

The District had Type I School Series Bonds outstanding as of June 30, 2012 as follows:

Type I School Serial Bonds

\$6,110,000, 2003 Bonds due in annual installments of \$500,000 through February 1, 2012, interest at 3.375%. Bonds were Refunded	\$ 500,000
\$2,035,000, 2005 Refunding Bonds due in annual installments of \$460,000 through July 15, 2012, interest at 3.500%.	460,000
\$16,715,000, 2006 Bonds due in annual installments of \$450,000 to \$1,050,000 through January 2028, interest at 4.250% to 4.500%.	15,465,000
\$14,600,000, 2008 Bonds due in annual installments of \$190,000 to \$847,000 through June 2030, interest at 2.000% to 4.000%.	14,200,000
\$9,662,000, 2010 Bonds due in annual installments of \$725,000 to \$1,450,000 through June 2030, interest at 2.000% to 4.000%.	9,637,000
\$21,660,000, 2011 Bonds due in annual installments of \$725,000 to \$1,450,000 through March 2031, interest at 2.750% to 4.625%.	21,660,000
\$2,750,000, 2011 Refunding Bonds due in annual installments of \$485,000 to \$595,000 through February 2017.	<u>2,750,000</u>
	<u>\$ 64,672,000</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)A. Bonds and Loans Payable: (Cont'd)

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

<u>Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 2,675,000	\$ 2,603,431	\$ 5,278,431
2013	2,730,000	2,463,171	5,193,171
2014	2,905,000	2,358,481	5,263,481
2015	2,965,000	2,253,183	5,218,183
2016	3,235,000	2,142,148	5,377,148
2017-2021	16,765,000	8,747,441	25,512,441
2022-2026	18,790,000	5,168,822	23,958,822
2027-2031	14,607,000	1,251,241	15,858,241
	<u>\$ 64,672,000</u>	<u>\$ 26,987,918</u>	<u>\$ 91,659,918</u>

B. Temporary Notes:

Outstanding Temporary Notes for school purposes are summarized as follows:

<u>Notes</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	1.00%	\$ 18,200,000
General Capital Fund	1.50%	7,900,000
		<u>\$ 26,100,000</u>

C. Bonds Authorized But Not Issued:

There were Bonds and Notes Authorized but not Issued for school purposes as follows:

<u>Type I Bonds Authorized Not Issued</u>	<u>Amount</u>
General Capital Fund	<u>\$ 8,022,504</u>

C. Capital Leases Payable:

The District had no capital leases payable as of June 30, 2012.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$2,139,464 represents the long-term liability balance of compensated absences and will be liquidated through the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Enterprise Funds.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) of New Jersey, or the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll on or after October 1, 2011 the employer contributions for PERS and TPAF went from 5.5% to 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the TPAF and PERS.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapters 92 and 103, PL 2007 and expanded under the provisions of Chapter 89, PL 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$1,528,896, \$1,546,949, and \$1,176,358 for the fiscal years ended June 30, 2012, 2011, and 2010 respectively.

During the fiscal years ended June 30, 2012, 2011, and 2010 the State of New Jersey contributed \$1,737,010, \$-0-, and \$-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

Employee and employer contributions for the DCRP for the years ended June 30, 2012, 2011 and 2010 were \$50,108, \$7,328 and \$-0-, respectively.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Laws 2007 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, of Public Laws 1994. 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 of Public Laws 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions for TPAF for the District amount to \$3,491,842, \$3,504,294 and \$3,334,791, for 2012, 2011, and 2010, respectively.

NOTE 11. RISK MANAGEMENT

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

Property and Liability

The Montclair Township School District is a member of the New Jersey School Board's Association Insurance Group (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No.10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The June 30, 2012 audit report for the fund is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2011 is as follows:

	New Jersey School Board's Association Insurance Group
Total Assets	\$ 253,890,161
Net Assets	\$ 62,802,257
Total Revenue	\$ 83,993,678
Total Expenses	\$ 79,175,491
Change in Net Assets	\$ 4,818,187
Net Asset Distribution to Participating Members	\$ -0-

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

Willis Pooling  
340 Scotch Road  
West Trenton, NJ 08628  
(609) 538-0159

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 500,000	\$ 834	\$ 168,721	\$ 520,526	\$ 499,832
2010-2011	700,000	242	206,096	613,135	350,803
2009-2010	250,000	112	188,318	425,712	57,600

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,801,000	
Special Revenue Fund	171,229	\$ 2,800,000
Proprietary Funds		171,229
Fiduciary Funds		1,000
	<u>\$ 2,972,229</u>	<u>\$ 2,972,229</u>

The interfund between the General Fund and the Special Revenue fund represents cash advanced to the Special Revenue Fund awaiting the receipt of federal grant awards. The interfund between the General Fund and the Proprietary Funds represents the balance of the Board Contribution.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln National Life Insurance Company  
Valic  
MetLife Investors

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. TAX CALENDAR

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Total Governmental Funds</u>
\$ 88,749	\$ 88,749

NOTE 17. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the both the GAAP and District Wide Financial Statements to correct the fund balance reported for the Capital Projects Fund as of June 30, 2011. This restatement was to properly reflect the unexpended ordinance balances on a GAAP basis. The financial statements for June 30, 2011 have been restated as follows:

	<u>Balance 6/30/11 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/11 as Restated</u>
<u>Statement of Revenue, Expenditures, and</u>			
<u>Changes in Fund Balances - Governmental Funds</u>			
Capital Projects Fund:			
Fund Balance	\$ 16,521,911	(11,176,205)	\$ 5,345,706
 <u>Statement of Activities:</u>			
Net Assets - Governmental Activities	92,153,675	(11,176,205)	80,977,470

**BUDGETARY COMPARISON SCHEDULES**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 97,509,698		\$ 97,509,698	\$ 97,509,698	
Tuition - From Individuals	50,000		50,000	64,983	\$ 14,983
Miscellaneous	782,482	\$ 46,100	828,582	745,359	(83,223)
<b>Total - Local Sources</b>	<b>98,342,180</b>	<b>46,100</b>	<b>98,388,280</b>	<b>98,320,040</b>	<b>(68,240)</b>
State Sources:					
Transportation Aid				1,098,259	1,098,259
Special Education Categorical Aid	3,916,173		3,916,173	3,916,173	
Security Aid	732,607		732,607	733,364	757
Extraordinary Aid	425,000		425,000	1,134,805	709,805
Nonpublic Transportation Aid				52,896	52,896
On-Behalf TPAF Pension Contribution (non-budgeted)				1,737,010	1,737,010
On-Behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				3,491,842	3,491,842
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,795,149	3,795,149
<b>Total State Sources</b>	<b>5,073,780</b>		<b>5,073,780</b>	<b>15,959,498</b>	<b>10,885,718</b>
Federal Sources:					
Medicaid Reimbursement	79,459		79,459	98,004	18,545
Education Jobs	299,536	9,384	308,920	308,920	
<b>Total Federal Sources</b>	<b>378,995</b>	<b>9,384</b>	<b>388,379</b>	<b>406,924</b>	<b>18,545</b>
<b>TOTAL REVENUES</b>	<b>103,794,955</b>	<b>55,484</b>	<b>103,850,439</b>	<b>114,686,462</b>	<b>10,836,023</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,418,456	\$ 30,484	\$ 1,448,940	\$ 1,448,624	\$ 316
Grades 1-5 - Salaries of Teachers	12,006,440	79,475	12,085,915	12,084,178	1,737
Grades 6-8 - Salaries of Teachers	9,339,907	(373,677)	8,966,230	8,965,891	339
Grades 9-12 - Salaries of Teachers	9,804,194	(266,480)	9,537,714	9,467,128	70,586
Regular Programs - Home Instruction:					
Salaries of Teachers	299,013	(24,026)	274,987	274,987	-
Purchased Professional-Educational Services	99,662	(29,204)	70,458	70,457	1
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	568,226	1,049,959	1,618,185	1,612,645	5,540
Purchased Professional-Educational Services	1,036,340	(1,036,340)	-	-	-
Other Purchased Services (400-500 series)	290,344	(17,240)	273,104	269,366	3,738
General Supplies	572,809	440,526	1,013,335	990,661	22,674
Textbooks	325,346	(65,209)	260,137	241,890	18,247
<b>Total Regular Programs - Instruction</b>	<b>35,760,737</b>	<b>(211,732)</b>	<b>35,549,005</b>	<b>35,425,827</b>	<b>123,178</b>
Cognitive Mild:					
Salaries of Teachers	177,003	601	177,604	177,603	1
Other Salaries for Instruction	30,470	(30,470)	-	-	-
Purchased Professional-Educational Services	-	101,644	101,644	94,123	7,521
<b>Total Cognitive Mild</b>	<b>207,473</b>	<b>71,775</b>	<b>279,248</b>	<b>271,726</b>	<b>7,522</b>
Learning and/or Language Disabilities:					
Salaries of Teachers	823,453	17,272	840,725	777,091	63,634
Other Salaries for Instruction	-	100,140	100,140	100,140	-
Purchased Professional-Educational Services	60,940	(60,940)	-	-	-
<b>Total Learning and/or Language Disabilities</b>	<b>884,393</b>	<b>56,472</b>	<b>940,865</b>	<b>877,231</b>	<b>63,634</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	\$ 261,827	\$ 13,843	\$ 275,670	\$ 275,670	
Other Salaries for Instruction		114,482	114,482	114,481	\$ 1
Purchased Professional-Educational Services	182,820	(182,820)			
General Supplies	10,000		10,000	6,968	3,032
<b>Total Behavioral Disabilities</b>	<u>454,647</u>	<u>(54,495)</u>	<u>400,152</u>	<u>397,119</u>	<u>3,033</u>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	171,238	(3,605)	167,633	164,562	3,071
Other Salaries for Instruction		37,742	37,742	32,458	5,284
Purchased Professional-Educational Services	91,410	(91,410)			
General Supplies	3,630	3,679	7,309	7,308	1
<b>Total Multiple Disabilities</b>	<u>266,278</u>	<u>(53,594)</u>	<u>212,684</u>	<u>204,328</u>	<u>8,356</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	6,129,585		6,129,585	6,083,408	46,177
Other Salaries for Instruction		198,743	198,743	178,476	20,267
Purchased Professional-Educational Services	457,050	(457,050)			
General Supplies	51,300	(23,228)	28,072	27,686	386
<b>Total Resource Room/Resource Center</b>	<u>6,637,935</u>	<u>(281,535)</u>	<u>6,356,400</u>	<u>6,289,570</u>	<u>66,830</u>
<b>Autism:</b>					
Salaries of Teachers	362,892	91,336	454,228	418,366	35,862
Other Salaries for Instruction		5,672	5,672	5,672	
General Supplies	14,000		14,000	13,509	491
<b>Total Autism</b>	<u>376,892</u>	<u>97,008</u>	<u>473,900</u>	<u>437,547</u>	<u>36,353</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 282,110	\$ (60,200)	\$ 221,910	\$ 221,910	
Other Salaries for Instruction		108,248	108,248	103,859	\$ 4,389
Purchased Professional-Educational Services	91,410	(91,410)			
<b>Total Preschool Disabilities - Part-Time</b>	<u>373,520</u>	<u>(43,362)</u>	<u>330,158</u>	<u>325,769</u>	<u>4,389</u>
<b>Total Special Education Instruction</b>	<u>9,201,138</u>	<u>(207,731)</u>	<u>8,993,407</u>	<u>8,803,290</u>	<u>190,117</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	625,292	130,437	755,729	755,727	2
General Supplies	2,500	(621)	1,879		1,879
<b>Total Basic Skills/Remedial - Instruction</b>	<u>627,792</u>	<u>129,816</u>	<u>757,608</u>	<u>755,727</u>	<u>1,881</u>
Bilingual Education - Instruction:					
Salaries of Teachers	173,745	11,755	185,500	182,847	2,653
General Supplies	700		700	493	207
<b>Total Bilingual Education - Instruction</b>	<u>174,445</u>	<u>11,755</u>	<u>186,200</u>	<u>183,340</u>	<u>2,860</u>
Vocational Programs - Local - Instruction:					
Salaries of Teachers	246,475	(27,171)	219,304	188,296	31,008
Other Salaries for Instruction	27,988		27,988		27,988
<b>Total Vocational Programs - Local - Instruction</b>	<u>274,463</u>	<u>(27,171)</u>	<u>247,292</u>	<u>188,296</u>	<u>58,996</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 168,102	\$ 89,798	\$ 257,900	\$ 257,573	\$ 327
Purchased Services (300-500 series)	15,492	3,200	18,692	13,144	5,548
Supplies and Materials	8,000		8,000	5,902	2,098
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>191,594</b>	<b>92,998</b>	<b>284,592</b>	<b>276,619</b>	<b>7,973</b>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	798,928	7,748	806,676	804,044	2,632
Purchased Services (300-500 series)	127,182	(37,953)	89,229	88,628	601
Purchased Professional-Educational Services	15,000	3,200	18,200	18,114	86
Conference/Travel	2,000	(750)	1,250	1,250	
Supplies and Materials	184,381	25,247	209,628	204,844	4,784
Other Purchased Services	11,000	376	11,376	11,376	
Other Objects	28,000	1,847	29,847	29,539	308
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>1,166,491</b>	<b>(285)</b>	<b>1,166,206</b>	<b>1,157,795</b>	<b>8,411</b>
Other Instructional Programs - Instruction					
Salaries	104,148	(3,140)	101,008	42,680	58,328
Purchased Services (300-500 series)	10,500	8,120	18,620	18,095	525
Purchased Professional-Educational Services	3,250	10,800	14,050	10,930	3,120
Supplies and Materials	46,950	29	46,979	35,999	10,980
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>164,848</b>	<b>15,809</b>	<b>180,657</b>	<b>107,704</b>	<b>72,953</b>
Summer Programs - Instruction:					
Salaries of Teachers	49,515	2,165	51,680	51,679	1
<b>Total Summer Programs - Instruction</b>	<b>49,515</b>	<b>2,165</b>	<b>51,680</b>	<b>51,679</b>	<b>1</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
After School Program - Instruction:					
Salaries of Teachers		\$ 1,800	\$ 1,800	\$ 1,532	\$ 268
Purchased Professional and Technical Services		187	187	180	7
General Supplies		313	313	313	
<b>Total After School Program - Instruction</b>		<u>2,300</u>	<u>2,300</u>	<u>2,025</u>	<u>275</u>
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	\$ 92,000	39,190	131,190	130,660	530
Purchased Services (300-500 series)	10,000	25,000	35,000	35,000	
Purchased Professional Educational Services		1,580	1,580	1,500	80
Conference/Travel	2,500	418	2,918	2,918	
General Supplies	11,675	(1,426)	10,249	8,018	2,231
<b>Total Other Supplemental/At-Risk Programs - Instruction</b>	<u>116,175</u>	<u>64,762</u>	<u>180,937</u>	<u>178,096</u>	<u>2,841</u>
Community Service Programs - Operations - Instruction:					
Salaries of Teachers	108,711		108,711	71,316	37,395
General Supplies	1,500		1,500	1,466	34
<b>Total Community Service Programs - Operations - Instruction</b>	<u>110,211</u>		<u>110,211</u>	<u>72,782</u>	<u>37,429</u>
<b>Total Instruction</b>	<u>47,837,409</u>	<u>(127,314)</u>	<u>47,710,095</u>	<u>47,203,180</u>	<u>506,915</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	\$ 58,784	\$ 21,627	\$ 80,411	\$ 80,411	
Tuition to Other LEAs Within the State - Special	164,239	(45,432)	118,807	95,101	\$ 23,706
Tuition to County Vocational School District - Regular	28,419		28,419	14,482	13,937
Tuition to County Vocational School District - Special	36,111	(3,790)	32,321	18,208	14,113
Tuition to County Vocational School District - Regional Day Schools	506,325	(118,534)	387,791	243,405	144,386
Tuition to Private Schools for the Handicapped - Within State	4,789,979	(473,788)	4,316,191	3,707,666	608,525
Tuition to Private Schools for the Handicapped - Out of State	25,176	126,367	151,543	81,666	69,877
Tuition - State Facilities	95,130		95,130	95,130	
<b>Total Undistributed Expenditures - Instruction</b>	<u>5,704,163</u>	<u>(493,550)</u>	<u>5,210,613</u>	<u>4,336,069</u>	<u>874,544</u>
<b>Attendance and Social Work:</b>					
Salaries	40,165	(16,405)	23,760	22,332	1,428
Purchased Professional and Technical Services	108,612	(7,003)	101,609	101,608	1
<b>Total Attendance and Social Work</b>	<u>148,777</u>	<u>(23,408)</u>	<u>125,369</u>	<u>123,940</u>	<u>1,429</u>
<b>Health Services:</b>					
Salaries	974,464	(26,717)	947,747	939,613	8,134
Purchased Professional and Technical Services	166,500	866	167,366	147,124	20,242
Purchased Professional - Educational Services	30,470	(30,470)			
Supplies and Materials	61,000		61,000	49,742	11,258
<b>Total Health Services</b>	<u>1,232,434</u>	<u>(56,321)</u>	<u>1,176,113</u>	<u>1,136,479</u>	<u>39,634</u>
<b>Other Support Services - Speech, OT, PT &amp; Related Services</b>					
Salaries	1,829,639	33,782	1,863,421	1,853,886	9,535
Purchased Professional - Educational Services	144,825	(60,240)	84,585	57,654	26,931
Supplies and Materials	19,100		19,100	17,499	1,601
<b>Total Other Support Services - Students - Related Services</b>	<u>1,993,564</u>	<u>(26,458)</u>	<u>1,967,106</u>	<u>1,929,039</u>	<u>38,067</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Other Support Services - Students - Extra Services:					
Salaries		\$ 4,355,600	\$ 4,355,600	\$ 4,342,278	\$ 13,322
Purchased Professional - Educational Services	\$ 4,418,150	(4,418,150)			
<b>Total Other Support Services - Students - Extra Services</b>	<b>4,418,150</b>	<b>(62,550)</b>	<b>4,355,600</b>	<b>4,342,278</b>	<b>13,322</b>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	2,021,509	(40,249)	1,981,260	1,981,259	1
Salaries of Secretarial and Clerical Assistants	284,845	(50,950)	233,895	228,902	4,993
Purchased Professional - Educational Services	3,200		3,200	1,458	1,742
Supplies and Materials	64,390	(695)	63,695	49,770	13,925
<b>Total Other Support Services - Students - Guidance</b>	<b>2,373,944</b>	<b>(91,894)</b>	<b>2,282,050</b>	<b>2,261,389</b>	<b>20,661</b>
Other Support Services - Students - Child Study Team					
Salaries of Other Professional Staff	3,001,410	157,339	3,158,749	3,097,629	61,120
Salaries of Secretarial and Clerical Assistants	222,608	(55,325)	167,283	167,283	
Purchased Professional - Educational Services	321,204	(56,844)	264,360	264,360	
Conference/Travel	6,240	3,000	9,240	6,553	2,687
Supplies and Materials	38,000	(3,684)	34,316	34,315	1
<b>Total Other Support Services - Students - Child Study Team</b>	<b>3,589,462</b>	<b>44,486</b>	<b>3,633,948</b>	<b>3,570,140</b>	<b>63,808</b>
Educational Media Services/School Library:					
Salaries	88,467	139,473	227,940	227,939	1
Purchased Professional and Technical Services	98,110	(71,418)	26,692	26,691	1
Supplies and Materials	48,794	(988)	47,806	41,887	5,919
<b>Total Educational Media Services/School Library</b>	<b>235,371</b>	<b>67,067</b>	<b>302,438</b>	<b>296,517</b>	<b>5,921</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	\$ 742,056	\$ (15,007)	\$ 727,049	\$ 727,047	\$ 2
Salaries of Other Professional Staff	47,910	113,202	161,112	119,350	41,762
Salaries of Secretarial and Clerical Assistants	224,344	(61,551)	162,793	161,360	1,433
Other Salaries					
Purchased Professional - Educational Services	5,500	260,536	266,036	236,957	29,079
Other Purchased Services (400-500)	28,000	9,145	37,145	36,238	907
Supplies and Materials	24,850	(1,236)	23,614	20,947	2,667
<b>Total Improvement of Instructional Services</b>	<u>1,072,660</u>	<u>305,089</u>	<u>1,377,749</u>	<u>1,301,899</u>	<u>75,850</u>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	50,000	(30,991)	19,009	3,777	15,232
Purchased Professional - Educational Services	4,500	37,990	42,490	41,487	1,003
Other Purchased Services (400-500)	14,922	6,842	21,764	17,338	4,426
Supplies and Materials	3,500	(1,000)	2,500		2,500
Other Objects		3,195	3,195	3,195	
<b>Total Instructional Staff Training Services</b>	<u>72,922</u>	<u>16,036</u>	<u>88,958</u>	<u>65,797</u>	<u>23,161</u>
<b>Support Services - General Administration:</b>					
Salaries	624,976	62,167	687,143	674,575	12,568
Legal Services	188,818	(21,448)	167,370	166,774	596
Purchased Professional and Technical Services	67,535	61,538	129,073	120,755	8,318
Communications/Telephone	139,173	30,214	169,387	169,387	
BOE Other Purchased Services	4,000	2,815	6,815	6,814	1
Other Purchased Services (400-500 series) (Other than 530 & 585)	10,930	(2,000)	8,930	6,975	1,955

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - General Administration (Cont'd):					
General Supplies	\$ 60,761		\$ 60,761	\$ 53,019	\$ 7,742
Judgments Against the School District	215,242	\$ 160,875	376,117	376,117	
Miscellaneous Expenditures	72,143	(10,000)	62,143	53,418	8,725
<b>Total Support Services - General Administration</b>	<b>1,383,578</b>	<b>284,161</b>	<b>1,667,739</b>	<b>1,627,834</b>	<b>39,905</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	3,034,533	(205,049)	2,829,484	2,689,856	139,628
Salaries of Other Professional Staff	254,826	(106,898)	147,928	125,639	22,289
Salaries of Secretarial and Clerical Assistants	1,324,575	32,155	1,356,730	1,356,729	1
Purchased Professional and Technical Services	20,000	(175)	19,825	13,414	6,411
Other Purchased Services (400-500)	11,600	175	11,775	2,621	9,154
<b>Total Support Services - School Administration</b>	<b>4,645,534</b>	<b>(279,792)</b>	<b>4,365,742</b>	<b>4,188,259</b>	<b>177,483</b>
Support Services - Central Services:					
Salaries	1,134,021	(7,293)	1,126,728	1,126,727	1
Supplies and Materials	100,091	(66,555)	33,536	33,535	1
Interest on Lease Purchase Agreements	33,471	63,796	97,267	96,871	396
<b>Total Support Services - Central Services</b>	<b>1,267,583</b>	<b>(10,052)</b>	<b>1,257,531</b>	<b>1,257,133</b>	<b>398</b>
Support Services - Administration Information Technology:					
Salaries	83,803	(3,432)	80,371	80,254	117
Purchased Technical Services	124,608	17,575	142,183	141,082	1,101
Supplies and Materials	19,000	32,333	51,333	51,333	
<b>Total Support Services - Administration Information Technology</b>	<b>227,411</b>	<b>46,476</b>	<b>273,887</b>	<b>272,669</b>	<b>1,218</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Required Maintenance of School Facilities:					
Salaries	\$ 307,674	\$ 375	\$ 308,049	\$ 308,049	
Cleaning, Repair and Maintenance Services	348,349	260,393	608,742	547,081	\$ 61,661
General Supplies	145,730	(16,037)	129,693	122,251	7,442
<b>Total Required Maintenance of School Facilities</b>	<b>801,753</b>	<b>244,731</b>	<b>1,046,484</b>	<b>977,381</b>	<b>69,103</b>
Custodial Services:					
Salaries	2,958,855	(216,591)	2,742,264	2,707,274	34,990
Purchased Professional and Technical Services	43,056	32,269	75,325	75,325	
Cleaning, Repair and Maintenance Services	898,759	(20,951)	877,808	858,163	19,645
Rental of Land and Building Other Than Lease Purchase Agreement	28,500	(4,225)	24,275	24,275	
Other Purchased Property Services	95,000	7,517	102,517	102,516	1
Insurance	633,251	(55,646)	577,605	577,605	
General Supplies	224,177	36,345	260,522	251,944	8,578
Energy (Heat)	633,180	(431,225)	201,955	96,557	105,398
Energy (Gasoline)	328,062	11,356	339,418	297,485	41,933
Energy (Electricity)	1,231,684	(51,248)	1,180,436	1,041,490	138,946
<b>Total Custodial Services</b>	<b>7,074,524</b>	<b>(692,399)</b>	<b>6,382,125</b>	<b>6,032,634</b>	<b>349,491</b>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	34,399	71,072	105,471	97,842	7,629
General Supplies	14,675	8,841	23,516	23,210	306
<b>Total Care and Upkeep of Grounds</b>	<b>49,074</b>	<b>79,913</b>	<b>128,987</b>	<b>121,052</b>	<b>7,935</b>
Security:					
Salaries	711,085	49,821	760,906	760,904	2
General Supplies	5,000	1,099	6,099	6,098	1
<b>Total Security</b>	<b>716,085</b>	<b>50,920</b>	<b>767,005</b>	<b>767,002</b>	<b>3</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Regular	\$ 153,377	\$ (11,259)	\$ 142,118	\$ 142,117	\$ 1
Salaries for Transportation - Other Than Between Home & School	50,253	25,920	76,173	73,247	2,926
Management Fee - ESC & CTSA Transportation Programs	91,521	(18,826)	72,695	58,111	14,584
Other Purchased Professional and Technical Services	6,516	3,481	9,997	9,756	241
Cleaning, Repair and Maintenance Services	1,886	4,681	6,567	6,476	91
Lease Purchase Payments - School Buses	15,916		15,916	15,915	1
Contracted Services:					
Between Home and School - Vendors	1,814,908	(13,054)	1,801,854	1,746,034	55,820
Other than Between Home and School - Vendors	208,530	(21,193)	187,337	132,587	54,750
Special Education Students - Vendors	569,862	(3,481)	566,381	564,243	2,138
Special Education Students - ESCs & CTSA	1,548,290		1,548,290	1,228,321	319,969
Aid in Lieu of Payments - Nonpublic Students	268,736		268,736	265,277	3,459
Supplies and Materials	500	3,145	3,645	3,245	400
<b>Total Student Transportation Services</b>	<b>4,730,295</b>	<b>(30,586)</b>	<b>4,699,709</b>	<b>4,245,329</b>	<b>454,380</b>
Unallocated Benefits:					
Social Security Contributions	1,400,022	132,353	1,532,375	1,525,301	7,074
Other Retirement Contributions - PERS	1,207,688	321,208	1,528,896	1,528,896	
Other Retirement Contributions - Regular	77,765	64,000	141,765	127,873	13,892
Unemployment Contribution	953,716	(47,395)	906,321	400,000	506,321
Workmen's Compensation	220,000		220,000	134,500	85,500
Health Benefits	12,716,899	572,743	13,289,642	11,352,865	1,936,777
Tuition Reimbursement	142,090		142,090	107,693	34,397
Other Employee Benefits	241,418		241,418	157,096	84,322
<b>Total Unallocated Benefits</b>	<b>16,959,598</b>	<b>1,042,909</b>	<b>18,002,507</b>	<b>15,334,224</b>	<b>2,668,283</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
On-Behalf Contributions:					
On-Behalf TPAF Pension Contribution (non-budgeted)				\$ 1,737,010	\$ (1,737,010)
On-Behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				3,491,842	(3,491,842)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				3,795,149	(3,795,149)
Total On-Behalf Contributions				<u>9,024,001</u>	<u>(9,024,001)</u>
 Total Personal Services - Employee Benefits	<u>\$ 16,959,598</u>	<u>\$ 1,042,909</u>	<u>\$ 18,002,507</u>	<u>24,358,225</u>	<u>(6,355,718)</u>
 Total Undistributed Expenses	<u>58,696,882</u>	<u>414,778</u>	<u>59,111,660</u>	<u>63,211,065</u>	<u>(4,099,405)</u>
 <b>TOTAL CURRENT EXPENSE</b>	<u>106,534,291</u>	<u>287,464</u>	<u>106,821,755</u>	<u>110,414,245</u>	<u>(3,592,490)</u>
 <b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 9-12		12,070	12,070	12,070	
Undistributed Expenditures:					
General Administration		90,487	90,487	90,487	
Operation & Maintenance of Plant Services		56,381	56,381	56,381	
Total Equipment		<u>158,938</u>	<u>158,938</u>	<u>158,938</u>	
 Facilities Acquisition and Construction Services:					
Construction Services		311,247	311,247	311,247	
Other Objects - Debt Service Assessment	39,752		39,752	39,752	
Total Facilities Acquisition and Construction Services	<u>39,752</u>	<u>311,247</u>	<u>350,999</u>	<u>350,999</u>	
 <b>TOTAL CAPITAL OUTLAY</b>	<u>39,752</u>	<u>470,185</u>	<u>509,937</u>	<u>509,937</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
SPECIAL SCHOOLS					
Adult Education - Local:					
Instruction:					
Salaries of Teachers	\$ 125,888	\$ 13,978	\$ 139,866	\$ 139,866	
Purchased Professional and Technical Services	373,632	32,122	405,754	363,440	\$ 42,314
Total Instruction	<u>499,520</u>	<u>46,100</u>	<u>545,620</u>	<u>503,306</u>	<u>42,314</u>
Total Adult Education - Local	<u>499,520</u>	<u>46,100</u>	<u>545,620</u>	<u>503,306</u>	<u>42,314</u>
TOTAL SPECIAL SCHOOLS	<u>499,520</u>	<u>46,100</u>	<u>545,620</u>	<u>503,306</u>	<u>42,314</u>
Transfer of Funds to Charter Schools	<u>21,582</u>		<u>21,582</u>	<u>21,582</u>	
TOTAL EXPENDITURES	<u>107,095,145</u>	<u>803,749</u>	<u>107,898,894</u>	<u>111,449,070</u>	<u>(3,550,176)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(3,300,190)</u>	<u>(748,265)</u>	<u>(4,048,455)</u>	<u>3,237,392</u>	<u>7,285,847</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfer to Food Service Fund	<u>(25,000)</u>	<u>(131,735)</u>	<u>(156,735)</u>	<u>(394,567)</u>	<u>(237,832)</u>
Total Other Financing Sources/(Uses)	<u>(25,000)</u>	<u>(131,735)</u>	<u>(156,735)</u>	<u>(394,567)</u>	<u>(237,832)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(3,325,190)</u>	<u>(880,000)</u>	<u>(4,205,190)</u>	<u>2,842,825</u>	<u>7,048,015</u>
Fund Balance, July 1	<u>11,682,562</u>		<u>11,066,610</u>	<u>11,066,610</u>	
Fund Balance, June 30	<u>\$ 8,357,372</u>	<u>\$ (880,000)</u>	<u>\$ 6,861,420</u>	<u>\$ 13,909,435</u>	<u>\$ 7,048,015</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 4,717,809	
Excess Surplus				3,255,578	
Adult Education Programs				31,506	
Capital Reserve				1,500,001	
Maintenance Reserve				500,000	
Assigned:					
Year-End Encumbrances				88,749	
Designated for Subsequent Year's Expenditures				1,004,590	
Unassigned Fund Balance				2,811,202	
				13,909,435	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(521,853)	
Fund Balance per Governmental Funds (GAAP)				\$ 13,387,582	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 366,136	\$ 366,136	\$ 235,505	\$ (130,631)
State Sources	\$ 484,923	12,033	496,956	397,004	(99,952)
Federal Sources	2,473,106	1,116,188	3,589,294	2,784,633	(804,661)
<b>Total Revenues</b>	<b>2,958,029</b>	<b>1,494,357</b>	<b>4,452,386</b>	<b>3,417,142</b>	<b>(1,035,244)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	764,422	81,911	846,333	691,720	154,613
Other Salaries for Instruction		81,053	81,053	75,149	5,904
Purchased Professional and Technical Services	5,000	105,710	110,710	15,340	95,370
Tuition	515,000	(4,627)	510,373	447,244	63,129
General Supplies	49,923	420,253	470,176	330,015	140,161
Textbooks	96,911	(14,002)	82,909	73,048	9,861
Other Objects	1,125	225	1,350	1,088	262
<b>Total Instruction</b>	<b>1,432,381</b>	<b>670,523</b>	<b>2,102,904</b>	<b>1,633,604</b>	<b>469,300</b>
<b>Support Services:</b>					
Salaries of Supervisors of Instruction	127,500	27,495	154,995	122,969	32,026
Salaries of Other Professional Staff	247,000	238,372	485,372	368,734	116,638
Salaries of Secretarial and Clerical Assistants	169,771	8,692	178,463	84,378	94,085
Personal Services - Employee Benefits	197,623	14,333	211,956	169,686	42,270
Purchased Professional and Technical Services	4,280		253,639	214,030	39,609
Purchased Professional - Educational Services	750,743	191,281	942,024	717,244	224,780
Other Purchased Services	9,292	45,862	55,154	39,241	15,913
Supplies and Materials	19,439	48,440	67,879	67,256	623
<b>Total Support Services</b>	<b>1,525,648</b>	<b>574,475</b>	<b>2,349,482</b>	<b>1,783,538</b>	<b>565,944</b>
<b>Total Expenditures</b>	<b>\$ 2,958,029</b>	<b>\$ 1,244,998</b>	<b>\$ 4,452,386</b>	<b>\$ 3,417,142</b>	<b>\$ 1,035,244</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 114,686,462	\$ 3,417,142
Differences - Budget to GAAP:		
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	303,813	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(521,853)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 \$ 114,468,422	 \$ 3,417,142
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 111,449,070	\$ 3,417,142
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 111,449,070	 \$ 3,417,142

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon by the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	No Child Left Behind				
	Title I	Title I Carryover	Title IIA	Title IIA Carryover	Title III Carryover
<b>REVENUE:</b>					
Local Sources					
State Sources					
Federal Sources	\$ 390,654	\$ 28,463	\$ 135,876	\$ 20,057	\$ 1,715
<b>Total Revenue</b>	<u>390,654</u>	<u>28,463</u>	<u>135,876</u>	<u>20,057</u>	<u>1,715</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	271,385	28,463	113,286	18,049	
Other Salaries for Instruction	49,869				
Purchased Professional & Technical Services	12,715				
Tuition					
General Supplies					1,715
Textbooks					
Other Objects					
<b>Total Instruction</b>	<u>333,969</u>	<u>28,463</u>	<u>113,286</u>	<u>18,049</u>	<u>1,715</u>
<b>Support Services:</b>					
Salaries of Supervisors of Instruction					
Salaries of Other Professional Staff	1,296				
Salaries of Secretarial and Clerical Assistants					
Personal Services - Employee Benefits	55,389		22,590		
Purchased Professional and Technical Services				1,692	
Purchased Professional - Educational Services					
Other Purchased Services					
Supplies and Materials				316	
<b>Total Support Services</b>	<u>56,685</u>		<u>22,590</u>	<u>2,008</u>	
<b>Total Expenditures</b>	<u>\$ 390,654</u>	<u>\$ 28,463</u>	<u>\$ 135,876</u>	<u>\$ 20,057</u>	<u>\$ 1,715</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	I.D.E.A. Grant			Job Training Partnership Act
	Basic	Basic Carryover	Preschool ARRA	
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 1,270,391	\$ 542,168	\$ 135	\$ 61,802
Total Revenue	<u>1,270,391</u>	<u>542,168</u>	<u>135</u>	<u>61,802</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	41,850	68,393		17,578
Other Salaries for Instruction		12,102		7,150
Purchased Professional & Technical Services				
Tuition	447,175	69		
General Supplies	62,832	31,154	135	
Textbooks				
Other Objects				
Total Instruction	<u>551,857</u>	<u>111,718</u>	<u>135</u>	<u>24,728</u>
Support Services:				
Salaries of Supervisors of Instruction	102,474	20,495		
Salaries of Other Professional Staff	91,405	65,743		22,519
Salaries of Secretarial and Clerical Assistants	70,315	14,063		
Personal Services - Employee Benefits	44,261	13,831		3,615
Purchased Professional and Technical Services				
Purchased Professional - Educational Services	400,486	305,818		10,940
Other Purchased Services				
Supplies and Materials	9,593	10,500		309
Total Support Services	<u>718,534</u>	<u>430,450</u>		<u>37,074</u>
Total Expenditures	<u>\$ 1,270,391</u>	<u>\$ 542,168</u>	<u>\$ 135</u>	<u>\$ 61,802</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Carl D Perkins Vocational Program	Foreign Language Assistance	Foreign Language Assistance Carryover	Nonpublic	
				Nursing	Textbook
REVENUE:					
Local Sources					
State Sources				\$ 114,853	\$ 73,048
Federal Sources	\$ 22,188	\$ 289,881	\$ 10,303		
Total Revenue	<u>22,188</u>	<u>289,881</u>	<u>10,303</u>	<u>114,853</u>	<u>73,048</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		122,025			
Other Salaries for Instruction					
Purchased Professional & Technical Services	2,625				
Tuition					
General Supplies	15,263	14,347	3,308		
Textbooks					73,048
Other Objects	1,088				
Total Instruction	<u>18,976</u>	<u>136,372</u>	<u>3,308</u>		<u>73,048</u>
Support Services:					
Salaries of Supervisors of Instruction					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants					
Personal Services - Employee Benefits		30,000			
Purchased Professional and Technical Services	1,500	89,985	6,000	114,853	
Purchased Professional - Educational Services					
Other Purchased Services	544	8,604	995		
Supplies and Materials	1,168	24,920			
Total Support Services	<u>3,212</u>	<u>153,509</u>	<u>6,995</u>	<u>114,853</u>	
Total Expenditures	<u>\$ 22,188</u>	<u>\$ 289,881</u>	<u>\$ 10,303</u>	<u>\$ 114,853</u>	<u>\$ 73,048</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Non-Public Auxiliary (Ch 192)			Non-Public Handicapped (Ch 193)		
	Compensatory Education	Transportation	Home Instruction	Examination & Classification	Corrective Speech	Supplemental Instruction
REVENUE:						
Local Sources						
State Sources	\$ 53,172	\$ 21,332	\$ 6,318	\$ 67,137	\$ 29,856	\$ 31,288
Federal Sources						
Total Revenue	<u>53,172</u>	<u>21,332</u>	<u>6,318</u>	<u>67,137</u>	<u>29,856</u>	<u>31,288</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional & Technical Services						
Tuition						
General Supplies						
Textbooks						
Other Objects						
Total Instruction						
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Other Professional Staff	53,172		6,318	67,137	29,856	31,288
Salaries of Secretarial and Clerical Assistants						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services		21,332				
Supplies and Materials						
Total Support Services	<u>53,172</u>	<u>21,332</u>	<u>6,318</u>	<u>67,137</u>	<u>29,856</u>	<u>31,288</u>
Total Expenditures	<u>\$ 53,172</u>	<u>\$ 21,332</u>	<u>\$ 6,318</u>	<u>\$ 67,137</u>	<u>\$ 29,856</u>	<u>\$ 31,288</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Local Grants</u>	<u>Total</u>
REVENUE:		
Local Sources	\$ 235,505	\$ 235,505
State Sources		397,004
Federal Sources		2,784,633
Total Revenue	<u>235,505</u>	<u>3,417,142</u>
EXPENDITURES:		
Instruction:		
Salaries of Teachers		691,720
Other Salaries for Instruction	6,398	75,519
Purchased Professional & Technical Services		15,340
Tuition		447,244
General Supplies	200,891	329,645
Textbooks		73,048
Other Objects		1,088
Total Instruction	<u>207,289</u>	<u>1,633,604</u>
Support Services:		
Salaries of Supervisors of Instruction		122,969
Salaries of Other Professional Staff		368,734
Salaries of Secretarial and Clerical Assistants		84,378
Personal Services - Employee Benefits		169,686
Purchased Professional and Technical Services		214,030
Purchased Professional - Educational Services		717,244
Other Purchased Services	7,766	39,241
Supplies and Materials	20,450	67,256
Total Support Services	<u>28,216</u>	<u>1,783,538</u>
Total Expenditures	<u>\$ 235,505</u>	<u>\$ 3,417,142</u>

**CAPITAL PROJECTS FUND**

Exhibit F-1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:	
Due from Township of Montclair	\$ 3,053,440
Total Revenues and Other Financing Sources	<u>3,053,440</u>
Expenditures:	
Facilities Acquisition and Construction Services	<u>3,657,543</u>
Total Expenditures	<u>3,657,543</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(604,103)
Fund Balance - Beginning Balance	<u>16,521,911</u>
Fund Balance - Ending Balance	<u>\$ 15,917,808</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 15,917,808
Reconciliation to Governmental Funds Statements (GAAP):	
Township Receivable not Recognized on GAAP Basis	<u>(14,204,246)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,713,562</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #1998-31  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 6,500,000		\$ 6,500,000	\$ 6,500,000
Total Revenues and Other Financing Sources	<u>6,500,000</u>		<u>6,500,000</u>	<u>6,500,000</u>
Expenditures:				
Facilities Acquisition and Construction Services	6,277,218		6,277,218	6,500,000
Total Expenditures	<u>6,277,218</u>		<u>6,277,218</u>	<u>6,500,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 222,782</u>	<u>\$ -0-</u>	<u>\$ 222,782</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #1999-12  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 2,930,751		\$ 2,930,751	\$ 2,930,751
Total Revenues	2,930,751		2,930,751	2,930,751
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	2,731,385		2,731,385	2,930,751
Total Expenditures	2,731,385		2,731,385	2,930,751
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 199,366	\$ -0-	\$ 199,366	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2000-16  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 2,020,408		\$ 2,020,408	\$ 2,020,408
Total Revenues	2,020,408		2,020,408	2,020,408
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	1,949,957		1,949,957	2,020,408
Total Expenditures	1,949,957		1,949,957	2,020,408
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 70,451	\$ -0-	\$ 70,451	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS -TOWNSHIP ORDINANCE #2001-25  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 340,600		\$ 340,600	\$ 340,600
Total Revenues	340,600		340,600	340,600
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	335,000		335,000	340,600
Total Expenditures	335,000		335,000	340,600
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 5,600	\$ -0-	\$ 5,600	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2001-36  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 603,200		\$ 603,200	\$ 603,200
Total Revenues	603,200		603,200	603,200
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	587,500		587,500	603,200
Total Expenditures	587,500		587,500	603,200
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 15,700	\$ -0-	\$ 15,700	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2001-40  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 3,271,515		\$ 3,271,515	\$ 3,271,515
Total Revenues	<u>3,271,515</u>		<u>3,271,515</u>	<u>3,271,515</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	3,136,561		3,136,561	3,271,515
Total Expenditures	<u>3,136,561</u>		<u>3,136,561</u>	<u>3,271,515</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ 134,954</u>	<u>\$ -0-</u>	<u>\$ 134,954</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2002-09  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 7,733,482		\$ 7,733,482	\$ 7,733,482
Total Revenues	<u>7,733,482</u>		<u>7,733,482</u>	<u>7,733,482</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	7,439,957		7,439,957	7,733,482
Total Expenditures	<u>7,439,957</u>		<u>7,439,957</u>	<u>7,733,482</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ 293,525</u>	<u>\$ -0-</u>	<u>\$ 293,525</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2003-30  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 16,140,823		\$ 16,140,823	\$ 16,140,823
Total Revenues	<u>16,140,823</u>		<u>16,140,823</u>	<u>16,140,823</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	16,040,413		16,040,413	16,140,823
Total Expenditures	<u>16,040,413</u>		<u>16,040,413</u>	<u>16,140,823</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ 100,410</u>	<u>\$ -0-</u>	<u>\$ 100,410</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2004-20  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 36,692,256		\$ 36,692,256	\$ 36,692,256
Total Revenues	36,692,256		36,692,256	36,692,256
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	29,544,608		29,544,608	36,692,256
Total Expenditures	29,544,608		29,544,608	36,692,256
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 7,147,648	\$ -0-	\$ 7,147,648	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2004-21  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,189,802		\$ 1,189,802	\$ 1,189,802
Total Revenues	1,189,802		1,189,802	1,189,802
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	1,123,991	\$ 55,359	1,179,350	1,189,802
Total Expenditures	1,123,991	55,359	1,179,350	1,189,802
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 65,811	\$ (55,359)	\$ 10,452	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2005-24  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 7,006,514		\$ 7,006,514	\$ 7,006,514
Total Revenues	7,006,514		7,006,514	7,006,514
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	6,952,167		6,952,167	7,006,514
Total Expenditures	6,952,167		6,952,167	7,006,514
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 54,347	\$ -0-	\$ 54,347	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2006-30  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 4,649,840		\$ 4,649,840	\$ 4,649,840
Total Revenues	4,649,840		4,649,840	4,649,840
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	3,940,803	\$ 162,380	4,103,183	4,649,840
Total Expenditures	3,940,803	162,380	4,103,183	4,649,840
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 709,037	\$ (162,380)	\$ 546,657	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2007-26  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 4,381,520		\$ 4,381,520	\$ 4,381,520
Total Revenues	<u>4,381,520</u>		<u>4,381,520</u>	<u>4,381,520</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	3,725,750	\$ 136,530	3,862,280	4,381,520
Total Expenditures	<u>3,725,750</u>	<u>136,530</u>	<u>3,862,280</u>	<u>4,381,520</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ 655,770</u>	<u>\$ (136,530)</u>	<u>\$ 519,240</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2008-14  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,820,028		\$ 1,820,028	\$ 1,820,028
Due from Township of Montclair	3,526,820		3,526,820	3,526,820
Total Revenues and Other Financing Sources	<u>5,346,848</u>		<u>5,346,848</u>	<u>5,346,848</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	3,929,172	\$ 671,545	4,600,717	5,346,848
Total Expenditures	<u>3,929,172</u>	<u>671,545</u>	<u>4,600,717</u>	<u>5,346,848</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,417,676</u>	<u>\$ (671,545)</u>	<u>\$ 746,131</u>	<u>\$ -0-</u>

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair. As the District receives the SDA Grant funds, they are remitted to the Township.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2009-20  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,152,690		\$ 1,152,690	\$ 1,152,690
Due from Township of Montclair	2,700,510		2,700,510	2,700,510
Total Revenues	<u>3,853,200</u>		<u>3,853,200</u>	<u>3,853,200</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	2,463,676	\$ 905,786	3,369,462	3,853,200
Total Expenditures	<u>2,463,676</u>	<u>905,786</u>	<u>3,369,462</u>	<u>3,853,200</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ 1,389,524</u>	<u>\$ (905,786)</u>	<u>\$ 483,738</u>	<u>\$ -0-</u>

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair. As the District receives the SDA Grant funds, they are remitted to the Township.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2010-28  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 2,986,360		\$ 2,986,360	\$ 2,986,360
Total Revenues	2,986,360		2,986,360	2,986,360
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	633,410	\$ 1,229,296	1,862,706	2,986,360
Total Expenditures	633,410	1,229,296	1,862,706	2,986,360
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 2,352,950	\$ (1,229,296)	\$ 1,123,654	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2011-41  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair	\$ 1,686,360		\$ 1,686,360	\$ 1,686,360
Total Revenues	1,686,360		1,686,360	1,686,360
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services		\$ 471,248	471,248	1,686,360
Total Expenditures		471,248	471,248	1,686,360
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 1,686,360	\$ (471,248)	\$ 1,215,112	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2012-32  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair		\$ 3,053,440	\$ 3,053,440	\$ 3,053,440
Total Revenues		3,053,440	3,053,440	3,053,440
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services		25,399	25,399	3,053,440
Total Expenditures		25,399	25,399	3,053,440
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ -0-	\$ 3,028,041	\$ 3,028,041	\$ -0-

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

**PROPRIETARY FUNDS**

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Food Service Program</u>	<u>Provisional Teacher</u>	<u>Saturday Music</u>	<u>Summer Program</u>	<u>Totals</u>
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 17,374	\$ 63,999	\$ 2,157	\$ 186,004	\$ 269,534
Intergovernmental Receivable:					
State	2,279				2,279
Federal	90,108				90,108
Accounts Receivable- Other	9,262				9,262
Interfund Receivable	171,229				171,229
Inventories	9,126				9,126
<b>Total Current Assets</b>	<b>299,378</b>	<b>63,999</b>	<b>2,157</b>	<b>186,004</b>	<b>551,538</b>
Non-Current Assets:					
Capital Assets	509,243				509,243
Less: Accumulated Depreciation	(314,500)				(314,500)
<b>Total Non-Current Assets</b>	<b>194,743</b>				<b>194,743</b>
<b>Total Assets</b>	<b>494,121</b>	<b>63,999</b>	<b>2,157</b>	<b>186,004</b>	<b>746,281</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Food Service Program</u>	<u>Provisional Teacher</u>	<u>Saturday Music</u>	<u>Summer Program</u>	<u>Totals</u>
<b><u>LIABILITIES:</u></b>					
Deferred Revenue	\$ 33,928				\$ 33,928
Accounts Payable - Vendors	<u>265,450</u>	<u>\$ 14,160</u>	<u>\$ 480</u>		<u>280,090</u>
Total Liabilities	<u>299,378</u>	<u>14,160</u>	<u>480</u>		<u>314,018</u>
<b><u>NET ASSETS:</u></b>					
Invested in Capital Assets net of Related Debt	194,743				194,743
Unrestricted		<u>49,839</u>	<u>1,677</u>	<u>\$ 186,004</u>	<u>237,520</u>
Total Net Assets	<u>\$ 194,743</u>	<u>\$ 49,839</u>	<u>\$ 1,677</u>	<u>\$ 186,004</u>	<u>\$ 432,263</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Program	Non-Major Funds			Totals
		Provisional Teacher	Saturday Music	Summer Program	
Operating Revenue:					
Local Sources:					
Daily Sales - Reimbursable Programs	\$ 472,750				472,750
Daily Sales - Non-Reimbursable Programs	74,225				74,225
Special Functions	48,727				48,727
Mentor Fees		\$ 69,487			69,487
Tuition			\$ 16,599		16,599
<b>Total Operating Revenue</b>	<b>595,702</b>	<b>69,487</b>	<b>16,599</b>		<b>681,788</b>
Operating Expenses:					
Cost of Sales	437,662				437,662
Salaries, Benefits & Payroll Taxes	706,792	93,610	19,205		819,607
Administrative Expenses	88,234	17,500			105,734
Supplies and Materials	57,713	5,976	738		64,427
Management Fee	117,664				117,664
Depreciation	24,878				24,878
Miscellaneous	20,600				20,600
<b>Total Operating Expenses</b>	<b>1,453,543</b>	<b>117,086</b>	<b>19,943</b>		<b>1,590,572</b>
<b>Operating (Loss)</b>	<b>(857,841)</b>	<b>(47,599)</b>	<b>(3,344)</b>		<b>(908,784)</b>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Food Service Program</u>	<u>Provisional Teacher</u>	<u>Saturday Music</u>	<u>Summer Program</u>	<u>Totals</u>
Non-Operating Revenue:					
Local Sources:					
Interest Income	\$ 227				\$ 227
State Sources:					
State School Lunch Program	15,177				15,177
Federal Sources:					
National School Breakfast Program	81,790				81,790
National School Lunch Program	493,364				493,364
Board Contribution	394,567				394,567
<b>Total Non-Operating Revenue</b>	<b>985,125</b>				<b>985,125</b>
Change in Net Assets	127,284	\$ (47,599)	\$ (3,344)		76,341
Net Assets - Beginning of Year	67,459	97,438	5,021	\$ 186,004	355,922
Net Assets - End of Year	<u>\$ 194,743</u>	<u>\$ 49,839</u>	<u>\$ 1,677</u>	<u>\$ 186,004</u>	<u>\$ 432,263</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Food Service Program</u>	<u>Provisional Teacher</u>	<u>Saturday Music</u>	<u>Summer Program</u>	<u>Totals</u>
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 620,368	\$ 69,487	\$ 16,599		\$ 706,454
Payments to Employees		(91,690)	(18,725)		(110,415)
Payments to Food Service Provider	(1,524,669)				(1,524,669)
Payments to Suppliers	(19,100)	(13,476)	(738)		(33,314)
Net Cash Provided by /(Used for) Operating Activities	<u>(923,401)</u>	<u>(35,679)</u>	<u>(2,864)</u>		<u>(961,944)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(41,000)				(41,000)
Net Cash used for Capital and Related Financing Activities	<u>(41,000)</u>				<u>(41,000)</u>
Cash Flows from Investing Activities:					
Local Sources:					
Interest Income	227				227
Net Cash Provided by Investing Activities	<u>227</u>				<u>227</u>
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	540,459				540,459
Cash Received from Operating Transfers	331,220				331,220
Net Cash Provided by Noncapital Financing Activities	<u>871,679</u>				<u>871,679</u>
Net Decrease in Cash and Cash Equivalents	(92,495)	(35,679)	(2,864)		(131,038)
Cash and Cash Equivalents, July 1	<u>109,869</u>	<u>99,678</u>	<u>5,021</u>	\$ 186,004	<u>400,572</u>
Cash and Cash Equivalents, June 30	<u>\$ 17,374</u>	<u>\$ 63,999</u>	<u>\$ 2,157</u>	<u>\$ 186,004</u>	<u>\$ 269,534</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Food Service Program</u>	<u>Provisional Teacher</u>	<u>Saturday Music</u>	<u>Summer Program</u>	<u>Totals</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (857,841)	\$ (47,599)	\$ (3,344)	\$ -0-	\$ (908,784)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:					
Depreciation	24,878				24,878
Changes in Assets and Liabilities:					
(Increase)/Decrease in Accounts Receivable	(9,262)				(9,262)
Increase/(Decrease) in Deferred Revenue	33,928				33,928
(Increase)/Decrease in Inventory	(1,114)				(1,114)
Increase/(Decrease) in Accounts Payable	(113,990)	11,920	480		(101,590)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (923,401)</u>	<u>\$ (35,679)</u>	<u>\$ (2,864)</u>	<u>\$ -0-</u>	<u>\$ (961,944)</u>

**FIDUCIARY FUNDS**

Exhibit H-1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 917,031	\$ 499,832	\$ 1,416,863
Total Assets	<u>917,031</u>	<u>499,832</u>	<u>1,416,863</u>
<b>LIABILITIES:</b>			
Interfund Payable	1,000		1,000
Due to Student Groups	348,357		348,357
Payroll Deductions and Withholdings	<u>567,674</u>		<u>567,674</u>
Total Liabilities	<u>917,031</u>		<u>917,031</u>
<b>NET ASSETS:</b>			
Held in Trust for:			
Unemployment Compensation Claims		<u>499,832</u>	<u>499,832</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 499,832</u>	<u>\$ 499,832</u>

## Exhibit H-2

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Share	\$ 168,721	\$ 168,721
Board Share	500,000	500,000
Total Contributions	<u>668,721</u>	<u>668,721</u>
Investment Earnings:		
Interest	834	834
Net Investment Earnings	<u>834</u>	<u>834</u>
Total Additions	<u>669,555</u>	<u>669,555</u>
Deductions		
Unemployment Compensation Claims	454,708	454,708
Transfers to Agency	65,818	65,818
Total Deductions	<u>520,526</u>	<u>520,526</u>
Change in Net Assets	149,029	149,029
Net Assets - Beginning of the Year	<u>350,803</u>	<u>350,803</u>
Net Assets - End of the Year	<u>\$ 499,832</u>	<u>\$ 499,832</u>

Exhibit H-3

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 420,927	\$ 1,104,164	\$ 1,176,734	\$ 348,357
Total Assets	\$ 420,927	\$ 1,104,164	\$ 1,176,734	\$ 348,357
 <b>LIABILITIES:</b>				
Due to Student Groups	420,927	1,104,164	1,176,734	348,357
Total Liabilities	\$ 420,927	\$ 1,104,164	\$ 1,176,734	\$ 348,357

Exhibit H-4

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Elementary Schools:				
Bradford	\$ 2,504	\$ 11,606	\$ 10,691	\$ 3,419
Charles H. Bullock	7,700	10,119	8,479	9,340
Edgemont	14,641	7,560	12,745	9,456
Hillside	33,071	71,685	65,823	38,933
Nishuane	17,345	7,591	19,180	5,756
Northeast	20,053	20,986	21,199	19,840
Watchung	27,656	25,626	36,052	17,230
<b>Total Elementary Schools</b>	<b>122,970</b>	<b>155,173</b>	<b>174,169</b>	<b>103,974</b>
Middle Schools:				
Glenfield	55,539	332,783	347,859	40,463
Mt. Hebron	43,172	125,582	122,139	46,615
Renaissance	11,578	75,905	85,673	1,810
<b>Total Middle Schools</b>	<b>110,289</b>	<b>534,270</b>	<b>555,671</b>	<b>88,888</b>
High Schools:				
Montclair High School	178,487	321,272	353,564	146,195
Athletic Account	9,181	93,449	93,330	9,300
<b>Total High Schools</b>	<b>187,668</b>	<b>414,721</b>	<b>446,894</b>	<b>155,495</b>
<b>Total All Schools</b>	<b>\$ 420,927</b>	<b>\$ 1,104,164</b>	<b>\$ 1,176,734</b>	<b>\$ 348,357</b>

## Exhibit H-5

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,397,895	\$117,480,359	\$ 118,309,580	\$ 568,674
Total Assets	<u>\$ 1,397,895</u>	<u>\$117,480,359</u>	<u>\$ 118,309,580</u>	<u>\$ 568,674</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	1,394,000	117,480,359	118,306,685	567,674
Interfund Payable to General Fund	1,000			1,000
Accounts Payable	2,895		2,895	
Total Liabilities	<u>\$ 1,397,895</u>	<u>\$117,480,359</u>	<u>\$ 118,309,580</u>	<u>\$ 568,674</u>

**LONG-TERM DEBT  
(NOT APPLICABLE)**

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

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

**Contents**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 *	2012
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 55,910,288	\$ 26,701,632	\$ 33,390,709	\$ 28,461,236	\$ 31,490,517	\$ 34,094,750	\$ 47,600,079	\$ 63,669,828	\$ 67,336,003	\$ 68,665,576
Restricted	23,381,862	11,811,933	6,672,150	47,330,666	45,624,848	48,897,976	38,446,163	25,022,577	13,503,526	11,718,456
Unrestricted/(Deficit)	(1,735,173)	(575,720)	218,393	764,495	840,930	(698,480)	(705,013)	(847,610)	137,941	1,243,224
<b>Total Governmental Activities Net Assets</b>	<b>\$ 77,556,977</b>	<b>\$ 37,937,845</b>	<b>\$ 40,281,252</b>	<b>\$ 76,556,397</b>	<b>\$ 77,956,295</b>	<b>\$ 82,294,246</b>	<b>\$ 85,341,229</b>	<b>\$ 87,844,795</b>	<b>\$ 80,977,470</b>	<b>\$ 81,627,256</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 5,651	\$ 46,507	\$ 41,163	\$ 49,802	\$ 43,502	\$ 37,202	\$ 32,097	\$ 26,992	\$ 21,887	\$ 194,743
Unrestricted	163,827	178,291	187,993	175,326	208,034	223,265	293,225	356,246	334,035	237,520
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 169,478</b>	<b>\$ 224,798</b>	<b>\$ 229,156</b>	<b>\$ 225,128</b>	<b>\$ 251,536</b>	<b>\$ 260,467</b>	<b>\$ 325,322</b>	<b>\$ 383,238</b>	<b>\$ 355,922</b>	<b>\$ 432,263</b>
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 55,915,939	\$ 26,748,139	\$ 33,431,872	\$ 28,511,038	\$ 31,534,019	\$ 34,131,952	\$ 47,632,176	\$ 63,696,820	\$ 67,357,890	\$ 68,860,319
Restricted	23,381,862	11,811,933	6,672,150	47,330,666	45,624,848	48,897,976	38,446,163	25,022,577	13,503,526	11,718,456
Unrestricted/(Deficit)	(1,571,346)	(397,429)	406,386	939,821	1,048,964	(475,215)	(411,788)	(491,364)	471,976	1,480,744
<b>Total District Net Assets</b>	<b>\$ 77,726,455</b>	<b>\$ 38,162,643</b>	<b>\$ 40,510,408</b>	<b>\$ 76,781,525</b>	<b>\$ 78,207,831</b>	<b>\$ 82,554,713</b>	<b>\$ 85,666,551</b>	<b>\$ 88,228,033</b>	<b>\$ 81,333,392</b>	<b>\$ 82,059,519</b>

\* - As restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 37,921,410	\$ 38,936,414	\$ 41,335,447	\$ 43,732,731	\$ 47,854,538	\$ 49,096,515	\$ 49,319,766	\$ 50,686,622	\$ 50,727,177	\$ 48,878,543
Special Education	7,019,643	7,502,258	8,069,917	8,960,412	10,519,028	11,051,387	10,778,838	10,950,096	11,432,967	13,240,517
Other Instruction	642,415	863,516	1,022,646	1,216,331	1,461,026	1,155,413	1,081,994	1,397,703	1,355,741	2,043,269
School-Sponsored Instruction	1,698,959	2,898,971	3,739,403	3,465,281	3,567,362	3,024,250	2,893,988	3,012,233	2,232,289	1,809,677
<b>Support Services:</b>										
Tuition	2,538,592	3,252,391	3,253,313	3,726,870	3,715,887	4,468,012	4,947,698	5,436,746	4,243,051	4,783,313
Student & Instruction Related Services	12,547,329	14,271,712	15,138,030	16,917,836	18,174,017	20,169,046	20,865,133	22,262,622	20,892,795	19,907,216
School Administrative Services	1,654,144	4,322,162	6,062,033	5,020,879	5,747,403	5,900,632	5,697,569	6,453,978	5,926,334	5,687,924
General and Business Administrative Services	5,345,971	3,212,457	1,719,585	3,196,648	3,674,710	3,315,804	1,758,321	1,745,216	1,540,450	1,874,286
Central Services							1,833,063	1,853,971	1,928,764	1,655,412
Administrative Information Technology										301,037
Plant Operations And Maintenance	6,544,917	6,964,358	7,611,277	8,230,813	9,054,432	9,559,185	9,371,020	9,587,936	9,458,409	9,275,074
Pupil Transportation	3,097,068	3,363,456	3,667,740	3,971,775	4,475,153	4,255,570	4,436,644	4,422,775	4,198,807	4,327,092
<b>Capital Outlay</b>										76,167
Special Schools	513,612	441,849	501,132	461,253	482,003	511,203	517,699	534,724	462,743	503,306
Charter School									19,292	21,582
State Administrative Fee									63,146	
Unallocated Depreciation	1,157,691	494,109	635,536	617,724	835,917	1,020,608	1,390,663	1,953,020	2,451,596	2,482,194
<b>Total Governmental Activities Expenses</b>	<b>\$ 80,681,751</b>	<b>\$ 86,523,653</b>	<b>\$ 92,756,059</b>	<b>\$ 99,518,553</b>	<b>\$ 109,561,476</b>	<b>\$ 113,527,625</b>	<b>\$ 114,892,396</b>	<b>\$ 120,297,642</b>	<b>\$ 116,933,561</b>	<b>\$ 116,866,609</b>

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business-Type activities:</b>										
Food Service	\$ 1,165,158	\$ 1,255,669	\$ 1,349,350	\$ 1,588,402	\$ 1,568,688	\$ 1,484,812	\$ 1,368,552	\$ 1,443,652	\$ 1,395,102	\$ 1,453,543
Provisional Teacher	189,269	270,661	230,323	244,708	189,345	152,665	153,096	68,740	101,688	137,029
Saturday Music	15,060	19,534	25,794	23,534	19,579	23,166	20,255	20,891	18,494	
Summer Programs	344,355	373,629	377,012	410,502	554,055	557,433	536,855			
Adventure Education	3,947		1,083							
<b>Total Business-Type Activities Expense</b>	<b>1,717,789</b>	<b>1,919,493</b>	<b>1,983,562</b>	<b>2,267,146</b>	<b>2,331,667</b>	<b>2,218,076</b>	<b>2,078,758</b>	<b>1,533,283</b>	<b>1,515,284</b>	<b>1,590,572</b>
<b>Total District Expenses</b>	<b>\$ 82,399,540</b>	<b>\$ 88,443,146</b>	<b>\$ 94,739,621</b>	<b>\$ 101,785,699</b>	<b>\$ 111,893,143</b>	<b>\$ 115,745,701</b>	<b>\$ 116,971,154</b>	<b>\$ 121,830,925</b>	<b>\$ 118,448,845</b>	<b>\$ 118,457,181</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Tuition										\$ 64,983
Special Schools										458,805
Operating Grants and Contributions	\$ 8,298,584	\$ 8,413,827	\$ 9,201,430	\$ 10,206,107	\$ 13,637,813	\$ 14,560,570	\$ 10,346,419	\$ 11,427,039	\$ 11,478,828	18,801,996
Capital Grants and Contributions										25,399
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 8,298,584</b>	<b>\$ 8,413,827</b>	<b>\$ 9,201,430</b>	<b>\$ 10,206,107</b>	<b>\$ 13,637,813</b>	<b>\$ 14,560,570</b>	<b>\$ 10,346,419</b>	<b>\$ 11,427,039</b>	<b>\$ 11,478,828</b>	<b>\$ 19,351,183</b>
<b>Business-Type Activities:</b>										
<b>Charges for services</b>										
Food Service	\$ 1,777,994	\$ 1,936,835	\$ 1,986,736	\$ 2,196,706	\$ 2,342,952	\$ 2,106,195	\$ 2,092,906	\$ 919,865	\$ 858,972	\$ 595,702
Special Programs										86,086
Operating Grants and Contributions								571,073	578,679	590,331
<b>Total Business Type Activities Program Revenues</b>	<b>1,777,994</b>	<b>1,936,835</b>	<b>1,986,736</b>	<b>2,196,706</b>	<b>2,342,952</b>	<b>2,106,195</b>	<b>2,092,906</b>	<b>1,490,938</b>	<b>1,437,651</b>	<b>1,272,119</b>
<b>Total District Program Revenues</b>	<b>\$ 10,076,578</b>	<b>\$ 10,350,662</b>	<b>\$ 11,188,166</b>	<b>\$ 12,402,813</b>	<b>\$ 15,980,765</b>	<b>\$ 16,666,765</b>	<b>\$ 12,439,325</b>	<b>\$ 12,917,977</b>	<b>\$ 12,916,479</b>	<b>\$ 20,623,302</b>
<b>Net (Expense)/Revenue Governmental Activities</b>	<b>\$ (72,383,167)</b>	<b>\$ (78,109,826)</b>	<b>\$ (83,554,629)</b>	<b>\$ (89,312,446)</b>	<b>\$ (95,923,663)</b>	<b>\$ (98,967,055)</b>	<b>\$ (104,545,977)</b>	<b>\$ (108,870,603)</b>	<b>\$ (105,454,733)</b>	<b>\$ (97,515,426)</b>
<b>Business-Type Activities</b>	<b>60,205</b>	<b>17,342</b>	<b>3,174</b>	<b>(70,440)</b>	<b>11,285</b>	<b>(111,881)</b>	<b>14,148</b>	<b>(42,345)</b>	<b>(77,633)</b>	<b>(318,453)</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (72,322,962)</b>	<b>\$ (78,092,484)</b>	<b>\$ (83,551,455)</b>	<b>\$ (89,382,886)</b>	<b>\$ (95,912,378)</b>	<b>\$ (99,078,936)</b>	<b>\$ (104,531,829)</b>	<b>\$ (108,912,948)</b>	<b>\$ (105,532,366)</b>	<b>\$ (97,833,879)</b>

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 63,805,205	\$ 69,898,197	\$ 74,663,202	\$ 79,319,100	\$ 84,222,443	\$ 88,163,461	\$ 93,005,952	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698
Township of Montclair- Type I School District	15,600,806				4,381,520	5,346,848	3,853,200	2,986,360	533,670	
Current and Prior Years Assets Funded										
by Township				34,089,843	(5,338,227)					
Federal and State Aid Restricted	1,684,057	1,495,474	854,678	1,732,212	36,450	13,605	178,473	171,103	1,334,974	
Federal and State Aid not Restricted	6,483,584	8,109,760	9,320,988	9,389,593	8,850,460	8,094,837	9,317,956	8,424,962	5,509,318	763,527
Tuition			174,024	105,353	73,332	58,892	92,089	99,691	74,609	
Miscellaneous Income	1,075,780	1,270,857	875,144	951,490	5,109,583	1,745,115	1,195,290	2,923,039	1,257,199	286,554
Transfers	(37,750)	(37,750)			(12,000)	(117,750)	(50,000)	(100,000)	(50,000)	(394,567)
Total Governmental Activities	<u>88,611,682</u>	<u>80,736,538</u>	<u>85,888,036</u>	<u>125,587,591</u>	<u>97,323,561</u>	<u>103,305,008</u>	<u>107,592,960</u>	<u>111,374,169</u>	<u>109,763,614</u>	<u>98,165,212</u>
Business-Type Activities:										
Investment Earnings										227
Miscellaneous	297	228	1,184	66,412	3,123	3,062	707	262	317	
Transfers	37,750	37,750			12,000	117,750	50,000	100,000	50,000	394,567
Total Business-Type Activities	<u>38,047</u>	<u>37,978</u>	<u>1,184</u>	<u>66,412</u>	<u>15,123</u>	<u>120,812</u>	<u>50,707</u>	<u>100,262</u>	<u>50,317</u>	<u>394,794</u>
Total District-Wide	<u>\$ 88,649,729</u>	<u>\$ 80,774,516</u>	<u>\$ 85,889,220</u>	<u>\$ 125,654,003</u>	<u>\$ 97,338,684</u>	<u>\$ 103,425,820</u>	<u>\$ 107,643,667</u>	<u>\$ 111,474,431</u>	<u>\$ 109,813,931</u>	<u>\$ 98,560,006</u>
Change in Net Assets:										
Governmental Activities	\$ 16,228,515	\$ 2,626,712	\$ 2,333,407	\$ 36,275,145	\$ 1,399,898	\$ 4,337,953	\$ 3,046,983	\$ 2,503,566	\$ 4,308,881	\$ 649,786
Business-Type Activities	98,252	55,320	4,358	(4,028)	26,408	8,931	64,855	57,917	(27,316)	76,341
Total District	<u>\$ 16,326,767</u>	<u>\$ 2,682,032</u>	<u>\$ 2,337,765</u>	<u>\$ 36,271,117</u>	<u>\$ 1,426,306</u>	<u>\$ 4,346,884</u>	<u>\$ 3,111,838</u>	<u>\$ 2,561,483</u>	<u>\$ 4,281,565</u>	<u>\$ 726,127</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General Fund:										
Reserved/Restricted	\$ 599,328	\$ 1,056,212	\$ 2,316,892	\$ 2,876,164	\$ 2,391,583	\$ 3,709,782	\$ 4,254,554	\$ 4,069,255	\$ 7,119,798	\$ 10,004,894
Assigned									42,233	1,093,339
Unassigned									959,014	2,289,349
Unreserved	<u>355,285</u>	<u>1,663,959</u>	<u>2,153,546</u>	<u>3,038,194</u>	<u>3,355,755</u>	<u>1,932,723</u>	<u>2,051,191</u>	<u>2,044,532</u>	<u>2,641,752</u>	
Total General Fund	<u>\$ 954,613</u>	<u>\$ 2,720,171</u>	<u>\$ 4,470,438</u>	<u>\$ 5,914,358</u>	<u>\$ 5,747,338</u>	<u>\$ 5,642,505</u>	<u>\$ 6,305,745</u>	<u>\$ 6,113,787</u>	<u>\$ 10,762,797</u>	<u>\$ 13,387,582</u>
All Other Governmental Funds:										
Reserved/Restricted	\$ 22,818,208	\$ 46,114,228	\$ 45,858,328	\$ 44,454,502	\$ 43,233,265	\$ 45,188,194	\$ 34,191,609	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562
Unreserved, Reported In:										
Special Revenue Fund/(Deficit)	<u>(35,674)</u>	<u>(1,307)</u>	<u>(50,613)</u>	<u>(50,613)</u>	<u>(50,613)</u>	<u>(65,013)</u>				
Total All Other Governmental Funds	<u>\$ 22,782,534</u>	<u>\$ 46,112,921</u>	<u>\$ 45,807,715</u>	<u>\$ 44,403,889</u>	<u>\$ 43,182,652</u>	<u>\$ 45,123,181</u>	<u>\$ 34,191,609</u>	<u>\$ 20,953,322</u>	<u>\$ 5,345,706</u>	<u>\$ 1,713,562</u>
Total All Funds	<u>\$ 23,737,147</u>	<u>\$ 48,833,092</u>	<u>\$ 50,278,153</u>	<u>\$ 50,318,247</u>	<u>\$ 48,929,990</u>	<u>\$ 50,765,686</u>	<u>\$ 40,497,354</u>	<u>\$ 27,067,109</u>	<u>\$ 16,108,503</u>	<u>\$ 15,101,144</u>

\* - As Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30.									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Tax Levy	\$ 63,805,205	\$ 69,898,197	\$ 74,663,202	\$ 79,319,100	\$ 84,222,443	\$ 88,163,461	\$ 93,005,952	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698
Miscellaneous	1,174,803	1,229,757	1,062,177	1,091,053	5,182,915	1,804,007	1,287,379	1,232,188	1,331,808	1,071,246
State Sources	12,504,548	14,850,869	17,410,953	19,093,361	20,419,641	20,398,827	17,211,871	16,203,619	14,519,845	16,138,462
Federal Sources	2,178,597	1,779,420	1,953,134	2,200,341	2,105,082	2,270,185	2,630,977	3,819,485	3,803,276	3,191,557
<b>Total Revenue</b>	<b>79,663,153</b>	<b>87,758,243</b>	<b>95,089,466</b>	<b>101,703,855</b>	<b>111,930,081</b>	<b>112,636,480</b>	<b>114,136,179</b>	<b>118,124,306</b>	<b>120,758,773</b>	<b>117,910,963</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	28,184,466	29,439,863	33,206,541	34,160,157	36,220,355	37,065,767	38,165,378	38,747,421	37,773,061	36,968,473
Special Education Instruction	5,548,793	5,956,514	6,399,104	6,923,613	7,837,702	8,207,685	8,234,960	8,418,340	8,522,680	10,230,542
Other Instruction	509,520	684,411	809,557	920,748	1,086,708	856,984	825,533	1,045,867	989,830	1,539,649
School-Sponsored Instruction	1,257,621	2,296,909	3,092,096	2,952,308	3,105,195	2,417,179	2,368,460	2,426,083	1,766,670	1,434,414
<b>Support Services:</b>										
Tuition	2,538,592	3,252,391	3,253,313	3,726,870	3,715,887	4,468,012	4,947,698	5,436,746	4,243,051	4,783,313
Student and Instruction Related Services	7,118,384	11,396,361	12,331,971	13,501,491	14,011,907	15,387,037	16,303,998	17,363,672	15,793,369	15,027,478
Central Services										1,257,133
Administrative Information Technology				1,290,189	1,406,141	1,413,583	1,472,998	1,459,796	1,487,707	272,669
General Administrative Services	1,502,141	2,825,149	1,574,677	1,448,079	1,685,832	1,307,863	1,525,255	1,493,039	1,319,028	1,627,834
School Administrative Services	3,178,667	3,436,715	4,862,395	3,878,625	4,280,609	4,381,834	4,352,858	4,832,265	4,329,703	4,188,259
Plant Operations And Maintenance	5,787,832	6,151,833	6,795,304	7,252,424	7,816,735	8,257,975	8,160,387	8,265,274	8,054,912	7,898,069
Pupil Transportation	3,062,255	3,329,280	3,634,137	3,921,993	4,411,698	4,190,513	4,375,929	4,355,617	4,121,369	4,245,329
Unallocated Benefits	13,199,113	14,327,196	15,877,373	18,165,025	22,471,817	23,990,064	22,102,949	23,878,661	25,960,512	24,358,225
Community Services	164,595	163,052	165,930							
Special Schools	481,256	468,561	473,264	420,761	433,847	460,545	475,316	485,903	462,743	503,306
Transfer to Charter Schools									19,292	21,582
Capital Outlay	8,200	25,745	7,324,613	6,071,026	9,203,425	3,624,841	14,895,992	18,022,769	6,180,917	4,167,480
<b>Total Expenditures</b>	<b>72,541,435</b>	<b>83,753,980</b>	<b>99,800,275</b>	<b>104,633,309</b>	<b>117,687,858</b>	<b>116,029,882</b>	<b>128,207,711</b>	<b>136,231,453</b>	<b>121,024,844</b>	<b>118,523,755</b>
<b>Excess/(Deficiency) Of Revenues</b>										
<b>Over/(Under) Expenditures</b>	<b>7,121,718</b>	<b>4,004,263</b>	<b>(4,710,809)</b>	<b>(2,929,454)</b>	<b>(5,757,777)</b>	<b>(3,393,402)</b>	<b>(14,071,532)</b>	<b>(18,107,147)</b>	<b>(266,071)</b>	<b>(612,792)</b>
<b>Other Financing Sources/(Uses):</b>										
Type I School Debt Authorization			6,155,870	2,969,548	4,381,520	5,346,848	3,853,200	2,986,360	533,670	
Prior Year Accounts Payable Cancelled								1,790,542		
Transfers Out					(12,000)	(117,750)	(50,000)	(100,000)	(50,000)	(394,567)
<b>Total Other Financing Sources/(Uses)</b>			<b>6,155,870</b>	<b>2,969,548</b>	<b>4,369,520</b>	<b>5,229,098</b>	<b>3,803,200</b>	<b>4,676,902</b>	<b>483,670</b>	<b>(394,567)</b>
<b>Net Change In Fund Balances</b>	<b>\$ 7,121,718</b>	<b>\$ 4,004,263</b>	<b>\$ 1,445,061</b>	<b>\$ 40,094</b>	<b>\$ (1,388,257)</b>	<b>\$ 1,835,696</b>	<b>\$ (10,268,332)</b>	<b>\$ (13,430,245)</b>	<b>\$ 217,599</b>	<b>\$ (1,007,359)</b>
<b>Debt Service As A Percentage</b>										
<b>of Noncapital Expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: School District Financial Reports

Exhibit J-5

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2003	\$ 27,358	\$ 233,629	\$ 137,944	\$ 9,968	\$ 666,882	\$ 1,075,781
2004	24,951	232,376	103,428	5,438	838,356	1,204,549
2005	75,625	174,024	129,884	32,181	637,454	1,049,168
2006	366,445	105,353	107,689	7,175	470,182	1,056,844
2007	665,168	73,332	94,000	54,648	635,469	1,522,617
2008	632,360	58,892	144,255	8,973	641,860	1,486,340
2009	196,962	92,089	94,037	7,938	657,590	1,048,616
2010	60,553	99,691	107,163	13,317	645,830	926,554
2011	57,265	74,609	113,311	777	710,686	956,648
2012	60,563	64,983	95,093	45,826	543,877	810,342

Source: Montclair Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2002	\$ 13,497,400	\$ 2,350,802,400	\$ 243,997,000	\$ 1,955,700	\$ 127,884,700	\$ 2,738,137,200	\$ 8,112,500	\$ 2,746,249,700	\$ 2.45	\$ 4,242,622,741
2003	12,789,700	2,363,259,100	236,872,400	1,955,700	127,732,000	2,742,608,900	6,687,394	2,749,296,294	2.65	4,949,228,252
2004	11,707,300	2,378,300,800	239,389,400	1,955,700	132,560,500	2,763,913,700	5,309,145	2,769,222,845	2.81	5,547,321,404
2005	11,095,600	2,387,199,500	237,892,000	1,955,700	132,855,300	2,770,998,100	4,762,400	2,775,760,500	2.97	5,569,423,132
2006	11,377,000	2,395,985,200	231,870,100	1,955,700	132,385,100	2,773,573,100	3,951,186	2,777,524,286	3.17	6,160,834,306
2007	* 33,557,800	6,371,937,400	703,802,500	5,584,200	295,040,500	7,409,922,400	8,747,827	7,418,670,227	1.25	7,233,011,190
2008	29,798,800	6,307,313,300	692,664,300	5,137,000	289,648,900	7,324,562,300	10,545,776	7,335,108,076	1.33	7,391,201,056
2009	28,004,100	6,313,361,900	691,217,100	5,059,900	286,659,800	7,324,302,800	12,373,331	7,336,676,131	1.38	7,380,393,793
2010	27,591,400	6,303,710,350	692,606,250	5,059,900	282,541,400	7,311,509,300	12,443,626	7,323,952,926	1.44	7,391,363,685
2011	26,808,200	6,190,707,050	672,102,250	5,059,900	274,447,400	7,169,124,800	12,016,628	7,181,141,428	1.42	6,956,465,593

\*- The Township completed a revaluation in 2007.

Source: 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 value.

Exhibit J-7

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

Year Ended December 31,	Montclair Township School District					Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Montclair Township	Essex County	
2002	\$ 2.45		\$ 2.45	\$ 1.08	\$ 0.84	\$ 4.37
2003	2.65		2.65	1.11	0.91	4.67
2004	2.81		2.81	1.16	0.94	4.91
2005	2.97		2.97	1.16	0.96	5.09
2006	3.17		3.17	1.22	0.97	5.36
2007	1.25 *	*	1.25 *	0.53 *	0.37 *	2.15
2008	1.33		1.33	0.59	0.38	2.30
2009	1.38		1.38	0.61	0.40	2.39
2010	1.44		1.44	0.67	0.41	2.52
2011	1.42		1.42	0.72	0.42	2.56

\*- The Township completed a revaluation in 2007.

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

2011			2002		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Lackawanna Associates	\$ 20,543,700	0.28 %			
Belleclaire, LLC	11,600,000	0.24 %			
Hawthorne Towers	12,900,000	0.19 %			
Princeton BK & Industry Constg. Group	12,757,400	0.19 %			
Rockcliff Apartments	12,236,500	0.17 %			
45 Church St. Associates	8,500,000	0.13 %			
Orange Pavillion	9,260,100	0.13 %			
Richard Grabowsky, LLC	6,250,000	0.12 %			
Gordonhurst Assoc.	8,474,200	0.12 %			
Midland Realty Assoc	7,000,000	0.10 %			
Total	<u>\$ 109,521,900</u>	<u>1.67 %</u>			Information Unavailable

Source: Municipal Tax Assessor

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 63,805,205	\$ 63,805,205	100.00%	-0-
2004	69,898,197	69,898,197	100.00%	-0-
2005	74,663,202	74,663,202	100.00%	-0-
2006	79,319,100	79,319,100	100.00%	-0-
2007	84,222,443	84,222,443	100.00%	-0-
2008	88,163,461	88,163,461	100.00%	-0-
2009	93,005,952	93,005,952	100.00%	-0-
2010	96,869,014	96,869,014	100.00%	-0-
2011	101,103,844	101,103,844	100.00%	-0-
2012	97,509,698	97,509,698	100.00%	-0-

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

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

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

NOT APPLICABLE

Exhibit J-11

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

NOT APPLICABLE

Exhibit J-12

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2011  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Township of Montclair	\$ 78,553,510	100.00%	\$ 78,553,510
Essex County General Obligation Debt	322,424,236	8.91%	<u>28,713,422</u>
Subtotal, Overlapping Debt			107,266,932
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u>\$ 107,266,932</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2012

	<b>Montclair Township</b>
Equalized Valuation Basis	
2011	\$ 6,850,926,758
2010	7,065,577,462
2009	7,375,934,340
	\$21,292,438,560
Average Equalized Valuation of Taxable Property	\$ 7,097,479,520
Debt Limit <sup>a</sup> (4% of average equalization value)	\$ 283,899,181
Net Bonded School Debt as of June 30, 2012	-0-
Legal Debt Margin	\$ 283,899,181

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 146,892,178	\$ 170,748,247	\$ 196,052,877	\$ 221,454,692	\$ 246,954,925	\$ 269,455,955	\$ 286,061,678	\$ 293,078,040	\$ 290,962,228	\$ 283,899,181
Total Net Debt Applicable to Limit	37,048,784	51,188,925	84,486,797	82,915,782	91,836,362	94,166,366	96,673,800	98,199,040	98,951,394	78,553,510
Legal Debt Margin	\$ 109,843,394	\$ 119,559,322	\$ 111,566,080	\$ 138,538,910	\$ 155,118,563	\$ 175,289,589	\$ 189,387,878	\$ 194,879,000	\$ 192,010,834	\$ 205,345,671
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.22%	29.98%	43.09%	37.44%	37.19%	34.95%	33.79%	33.51%	34.01%	27.67%

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

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

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

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2002	38,672	\$ 1,465,127,392	\$ 37,886	3.60%
2003	38,584	1,494,975,664	38,746	3.60%
2004	38,298	1,586,188,266	41,417	3.10%
2005	37,798	1,634,045,338	43,231	3.50%
2006	37,709	1,783,258,610	47,290	3.60%
2007	37,052	1,847,042,200	49,850	3.20%
2008	36,966	1,909,848,390	51,665	3.90%
2009	37,317	1,824,838,617	48,901	6.60%
2010	37,669	1,913,246,179	50,791	6.80%
2011	37,726	1,916,141,266	50,791 *	6.80%
2012	37,726 **	1,916,141,266	50,791 *	6.80%

\* - Latest Essex County per capita personal income available (2010) was used for calculation purposes.

\*\* - Latest population data available (2011) was used for calculation purposes.

Source: School District Reports

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

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

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

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

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

2011			2002		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
INFORMATION IS NOT AVAILABLE					

Source: Various Agencies of the Township

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:										
Regular	446.0	456.0	459.0	470.0	482.0	473.0	466.0	469.0	442.0	437.0
Special Education	93.0	102.0	103.0	113.0	125.0	110.0	110.0	112.0	112.0	114.0
Support Services:										
Student & Instruction Related Services	90.0	89.0	98.0	101.0	101.0	123.0	123.0	123.0	108.0	106.0
School Administrative Services	54.0	56.0	58.0	60.0	74.0	71.0	71.0	71.0	64.0	66.0
General and Business Administrative Services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	6.0
Plant Operations and Maintenance	58.0	60.0	59.0	61.0	61.0	61.0	61.0	61.0	60.0	60.0
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business and Other Support Services	13.0	13.0	14.0	14.0	15.0	15.0	15.0	15.0	15.0	14.0
Total	<u>762.0</u>	<u>784.0</u>	<u>799.0</u>	<u>827.0</u>	<u>866.0</u>	<u>861.0</u>	<u>854.0</u>	<u>859.0</u>	<u>808.0</u>	<u>805.0</u>

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2003	6,355	\$ 75,390,982	\$ 11,863	7.20 %	614	13.4:1	9.0:1	10.8:1	6,314	6,010	2.23 %	95.19 %
2004	6,376	82,524,565	12,943	9.10 %	623	12.7:1	8.7:1	10.5:1	6,367	6,061	0.84 %	95.19 %
2005	6,583	88,955,136	13,513	4.40 %	636	12.7:1	9.1:1	10.7:1	6,576	6,232	3.28 %	94.77 %
2006	6,638	94,807,109	14,282	5.70 %	655	12.1:1	9.2:1	10.5:1	6,606	6,294	0.46 %	95.28 %
2007	6,621	104,777,641	15,825	10.80 %	685	12.1:1	9.2:1	10.5:1	6,590	6,307	-0.24 %	95.71 %
2008	6,561	108,122,575	16,480	4.14 %	680	11.7:1	8.9:1	10.6:1	6,555	6,237	-0.53 %	95.15 %
2009	6,636	109,910,783	16,563	0.50 %	679	11.5:1	8.7:1	10.6:1	6,636	6,304	1.24 %	95.00 %
2010	6,673	113,895,125	17,068	3.05 %	676	11.5:1	8.7:1	10.6:1	6,662	6,350	0.39 %	95.32 %
2011	6,645	110,394,512	16,613	-2.67 %	640	10.9:1	8.6:1	10.3:1	6,635	6,339	-0.41 %	95.54 %
2012	6,638	118,918,322	17,915	7.83 %	637	12.8:1	8.5:1	10.0:1	6,638	6,352	0.05 %	95.69 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,786	1,944	1,958	1,978	1,958	1,981	1,981	1,962	1,972	1,952
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	753	714	670	629	625	668	668	689	702	717
Mount Hebron Middle School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	531	556	612	637	638	603	603	580	578	554
Renaissance Middle School										
Square Feet	38,722	38,722	38,722	38,722	38,722	38,722	38,722	38,722	38,722	38,722
Capacity (students)	245	245	245	245	245	245	245	245	345	345
Enrollment	225	217	237	239	237	242	242	251	243	253
Bradford Elementary School										
Square Feet	38,722	38,722	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	360	361	414	443	444	474	474	484	471	451
Bullock Elementary School										
Square Feet	N/A	84,017	84,017							
Capacity (students)	N/A	550	550							
Enrollment	N/A	399	433							

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	305	304	306	308	305	297	297	299	289	305
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	583	614	597	618	615	623	623	629	620	650
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	584	607	586	570	567	521	521	521	479	479
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	418	409	405	417	421	403	403	426	442	456
Rand Elementary School										
Square Feet	38,722	38,722	38,722	38,722	38,722	38,722	38,722	38,722	N/A	N/A
Capacity (students)	345	345	345	345	345	345	345	345	N/A	N/A
Enrollment	379	387	382	364	366	317	317	355	N/A	N/A
Watchung Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	421	428	425	418	419	432	432	461	450	457

N/A- Not Applicable

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

## Undistributed Expenditures:

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

<u>School Facilities *</u>	<u>Projects #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Bradford Elementary School	N/A	21,896	12,270	27,255	21,764	35,451
Bullock Elementary School	N/A					
Edgemont Elementary School	N/A	12,227	21,858	23,056	22,350	26,084
Glenfield Middle School	N/A	34,798	46,508	37,236	63,425	56,072
Hillside Elementary School	N/A	39,253	42,379	45,101	45,073	62,047
Montclair High School	N/A	114,849	136,929	127,118	166,754	172,954
Mount Hebron Middle School	N/A	34,933	35,980	48,385	61,748	59,123
Nishuane Elementary School	N/A	25,320	24,295	25,064	37,286	27,503
Northeast Elementary School	N/A	21,892	28,348	101,039	30,594	25,840
Rand Elementary School	N/A	32,813	11,699	36,177	34,468	19,680
Renaissance Middle School	N/A					
Watchung Elementary School	N/A	23,001	18,502	14,904	25,061	34,166
		<u>\$ 360,982</u>	<u>\$ 378,768</u>	<u>\$ 485,335</u>	<u>\$ 508,523</u>	<u>\$ 518,920</u>
<u>School Facilities *</u>	<u>Projects #</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bradford Elementary School	N/A	26,155	26,057	31,035	26,981	43,151
Bullock Elementary School	N/A				6,658	41,767
Edgemont Elementary School	N/A	17,228	19,472	23,866	19,498	24,522
Glenfield Middle School	N/A	46,288	14,205	80,054	71,614	132,436
Hillside Elementary School	N/A	50,539	40,561	40,557	51,563	116,235
Montclair High School	N/A	145,059	164,659	151,815	170,205	294,124
Mount Hebron Middle School	N/A	39,006	42,321	49,797	44,008	114,523
Nishuane Elementary School	N/A	28,924	29,289	26,891	38,097	64,539
Northeast Elementary School	N/A	30,629	25,692	20,972	46,597	46,998
Rand Elementary School	N/A	45,954	24,895	14,424		
Renaissance Middle School	N/A				27,319	58,794
Watchung Elementary School	N/A	28,710	25,025	30,828	36,402	40,292
		<u>\$ 458,492</u>	<u>\$ 412,176</u>	<u>\$ 470,239</u>	<u>\$ 538,942</u>	<u>\$ 977,381</u>

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

Source: Montclair Township School District records

Exhibit J-20

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building and Contents	\$ 231,964,351	\$ 2,500
Comprehensive General Liability	31,000,000	\$ 2,500
Comprehensive Automobile Liability	31,000,000	
Boiler and Machinery - NJSBAIG		
Property Damage	100,000,000	5,000
School Leaders E&O - NJSBAIG	6,000,000	15,000
Umbrella Liability		
Umbrella Policy (limit included in GL and AL Limits)		
Comprehensive General Liability - NJSBAIG	1,000,000	10,000
Excess Worker's Compensation - Midwest Employers Casualty	Statutory	
Workers Compensation	1,000,000	
Employers Liability		350,000
Self Insured Retention		
Public Employees' Faithful Performance Blanket		
Position Bond - New Jersey School Boards Association	1,000,000	1,000
Public Employees' Faithful Performance Bonds -		
Western Surety Company		
Michael Zazzarino - Treasurer	450,000	
Dana Sullivan - Business Administrator/Board Secretary	100,000	
Student Accident Coverage - Monumental Life Insurance		
Limit including all sports activities	5,000,000	
Flood		
High School Limit for Building & Contents each	500,000	2,000
Rand School Limit for Building & Contents each	500,000	1,000
Northeast School Limit for Building & Contents each	500,000	1,000

Source: Montclair Township School District records.

**SINGLE AUDIT SECTION**



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance  
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
 Government Auditing Standards

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District, in the County of Essex (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 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.

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

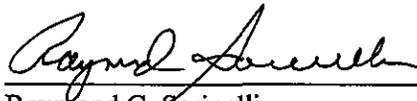
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to Management in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 4, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 4, 2012  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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Raymond G. Sarinelli  
Licensed Public School Accountant #864  
Certified Public Accountant



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 200 Valley Road, Suite 300  
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Montclair Township School District in the County of Essex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' 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 the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 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 Board'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 Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

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

Internal Control Over Compliance

The management of the Board 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 Board'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

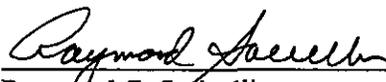
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

November 4, 2012  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond G. Sarinelli  
Licensed Public School Accountant #864  
Certified Public Accountant

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<b>General Fund:</b>														
U.S. Department of Health and Human Services Passed-through State Department of Education:														
Special Education Medicaid Initiative	93.778	N/A	7/1/11-6/30/12	\$ 98,004				\$ 56,808	\$ (98,004)		\$ 41,196			
Total U.S. Department of Health and Human Services								56,808	(98,004)		41,196			
New Jersey Department of Education:														
Education Jobs	84.410A	N/A	8/1/10- 9/30/12	308,920				308,920	(308,920)					
Total New Jersey Department of Education								308,920	(308,920)					
Total General Fund								365,728	(406,924)		41,196			
<b>Special Revenue Fund:</b>														
U.S. Department of Education Passed-through State Department of Education:														
No Child Left Behind Consolidated Grant:														
Title I	84.010A	NCLB331012	9/1/11-8/31/12	537,774				256,738	(390,654)		133,916			
Title I	84.010A	NCLB331011	9/1/10-8/31/12	556,160	\$ 335,783			364,246	(28,463)					
Title I	84.010A	NCLB331010	9/1/09-8/31/11	552,234	75,133			75,133						
Title I - SIA Allocation	84.010A	NCLB331009	9/1/08-8/31/09	17,563		\$ 10,571							\$ 10,571	
ARRA - Title I	84.389	ARRA331009	9/1/09-8/31/11	356,355	53,933			53,933						
ARRA - Title I - SIA Allocation	84.389	ARRA331009	9/1/09-8/31/11	5,002	4,740			4,740						
Title I Subtotal					469,589		10,571	754,790	(419,117)		133,916		10,571	
Title II, Part A	84.367A	NCLB331012	9/1/11-8/31/12	160,367				105,069	(135,876)		30,807			
Title II, Part A	84.367A	NCLB331011	9/1/10-8/31/12	184,944	175,134			178,790	(9,810)		6,154			
Title II, Part A	84.367A	NCLB331010	9/1/09-8/31/11	182,818	5,439			3,791	(10,247)		11,895			
Title II A Subtotal					180,573			287,650	(155,933)		48,856			
Title II, Part D	84.318A	NCLB331011	9/1/10-8/31/11	1,245	1,201			1,201						
Title II, Part D	84.318A	NCLB331010	9/1/09-8/31/11	4,922	4,658			4,658						
Title IID Subtotal					5,859			5,859						
Title III	84.365A	NCLB331011	9/1/10-8/31/12	12,388	5,963			6,832	(1,715)		846			
Title III	84.365A	NCLB331010	9/1/09-8/31/11	12,208	134			134						
Title III Subtotal					6,097			6,966	(1,715)		846			
Title IV	84.186A	NCLB331009	9/1/08-8/31/10	16,145	3,653			3,653						
Title V	84.298A	NCLB331009	9/1/08-8/31/09	8,631			1,052						1,052	
<b>Special Education Cluster:</b>														
I.D.E.A. Part B, Basic	84.027	IDEA331012	9/1/11-8/31/12	1,624,392				1,027,537	(1,270,391)		242,854			
I.D.E.A. Part B, Basic	84.027	IDEA331011	9/1/10-8/31/11	1,617,519	1,240,700			1,438,655	(542,168)		344,213			
I.D.E.A. Part B, Basic	84.027	IDEA331010	9/1/09-8/31/10	1,646,659	202			202						
I.D.E.A. Part B, Preschool	84.173	IDEA331011	9/1/10-8/31/12	69,188				50,862	(61,803)		10,941			
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA331010	7/1/09-8/31/11	1,866,654	975,448			975,448						
ARRA - I.D.E.A. Part B, Preschool	84.392	ARRA331010	7/1/09-8/31/11	67,434	36,585			36,720	(135)					
Special Education Cluster Subtotal					2,252,935			3,529,424	(1,874,497)		598,008			

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<b>Special Revenue Fund:</b>														
<b>U.S. Department of Education Passed-through State Department of Education:</b>														
Carl D. Perkins - Vocational Education	84.048	PERK331012	9/1/11-8/31/12	\$ 36,147					\$ (22,188)		\$ 22,188			
Carl D. Perkins - Vocational Education	84.048	PERK331011	9/1/10-8/31/11	39,199	\$ 32,378							32,378		
Carl D. Perkins - Vocational Education	84.048	PERK331008	9/1/07-8/31/08	41,536		\$ 12,968				\$ 12,968				
Carl D. Perkins - Vocational Education Subtotal					32,378	12,968			(22,188)	12,968		54,566		
Foreign Languages Education	84.293C	N/A	9/1/11-8/31/12	290,000					(289,881)			289,881		
Foreign Languages Education	84.293C	N/A	9/1/10-8/31/11	253,000	242,626			\$ 242,626	(10,303)			10,303		
Foreign Languages Education Subtotal					242,626			242,626	(300,184)			300,184		
<b>Total U.S. Department of Education</b>					<b>3,193,710</b>		<b>24,591</b>		<b>4,830,968</b>	<b>(2,773,634)</b>	<b>12,968</b>	<b>1,136,376</b>	<b>\$ 11,623</b>	
<b>U.S. Department of Labor Passed-through County of Essex:</b>														
Job Training Partnership Act	17.259	N/A	06/01/11-05/31/12	11,000					11,000	(11,000)				
									11,000	(11,000)				
<b>U.S. Department of Transportation Passed-through Township of Montclair:</b>														
Safe Routes to School	20.205	N/A	11/18/08-11/18/10	33,000	29,736				29,736					
					29,736				29,736					
<b>Total Special Revenue Fund</b>					<b>3,223,446</b>		<b>24,591</b>		<b>4,871,704</b>	<b>(2,784,634)</b>	<b>12,968</b>	<b>1,136,376</b>	<b>11,623</b>	
<b>U.S. Department of Agriculture Passed-through State Department of Education:</b>														
<b>Child Nutrition Cluster:</b>														
School Breakfast Program	10.553	N/A	9/1/10-6/30/11	44,941	4,299				4,299					
School Breakfast Program	10.553	N/A	9/1/11-6/30/12	81,790					67,029	(81,790)		14,761		
National School Lunch Program	10.555	N/A	9/1/10-6/30/11	445,677	36,241				36,241					
National School Lunch Program	10.555	N/A	9/1/11-6/30/12	493,364					418,017	(493,364)		75,347		
Total U.S. Department of Agriculture					40,540				525,586	(575,154)		90,108		
<b>Total Federal Financial Awards</b>					<b>\$3,263,986</b>	<b>\$ -0-</b>	<b>\$ 24,591</b>	<b>\$ -0-</b>	<b>\$ 5,763,018</b>	<b>\$ (3,766,712)</b>	<b>\$ 12,968</b>	<b>\$ 1,267,680</b>	<b>\$ -0-</b>	<b>\$ 11,623</b>

N/A - Not Available/Applicable

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

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012			MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>New Jersey Department of Education</b>													
<b>General Fund:</b>													
Transportation Aid	12-495-034-5120-014	7/1/11 - 6/30/12	\$ 1,098,259			\$ 999,107	\$ (1,098,259)					\$ 99,152	\$ 1,098,259
Special Education Aid	12-495-034-5120-089	7/1/11 - 6/30/12	3,916,173			3,561,313	(3,916,173)					354,860	3,916,173
Security Aid	12-495-034-5120-084	7/1/11 - 6/30/12	733,364			665,523	(733,364)					67,841	733,364
Extraordinary Special Education Costs	12-495-034-5120-473	7/1/11 - 6/30/12	1,134,805				(1,134,805)	\$ 1,134,805				1,134,805	1,134,805
Nonpublic Transportation Aid	12-495-034-5120-005	7/1/11 - 6/30/12	52,896				(52,896)	52,896				52,896	52,896
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11 - 6/30/12	3,795,150			3,604,249	(3,795,150)		190,901			190,901	3,795,150
Special Education Aid	11-495-034-5120-089	7/1/10 - 6/30/11	3,549,764	\$ 303,813		303,813							3,549,764
Extraordinary Special Education Costs	11-495-034-5120-473	7/1/10 - 6/30/11	1,230,372	1,230,372		1,230,372							1,230,372
Nonpublic Transportation Aid	11-495-034-5120-005	7/1/10 - 6/30/11	51,852	51,852		51,852							51,852
TPAF Wage Freeze	N/A	7/1/10 - 6/30/11	29,925	14,962		14,962							29,925
<b>Total General Fund State Aid</b>				<b>1,586,037</b>		<b>10,416,229</b>	<b>(10,730,647)</b>		<b>1,378,602</b>			<b>1,900,455</b>	<b>15,562,635</b>
<b>Special Revenue Fund:</b>													
Anti-Bullying Aid	N/A	9/1/11 - 6/30/12	4,099			4,099			\$ 4,099				
<b>New Jersey Nonpublic Aid:</b>													
Textbook Aid	11-100-034-5120-064	9/1/10 - 6/30/11	94,411		\$ 27,190			\$ 27,190					67,221
<b>Auxiliary Services:</b>													
Compensatory Education	11-100-034-5120-067	9/1/10 - 6/30/11	125,172			34,412		34,412					90,760
English as a Second Language	11-100-034-5120-067	9/1/10 - 6/30/11	2,732			1,878		1,878					854
Home Instruction	11-100-034-5120-067	9/1/10 - 6/30/11	1,167	1,167		1,167							1,167
<b>Handicapped Services:</b>													
Supplemental Instruction	11-100-034-5120-066	9/1/10 - 6/30/11	37,521			7,365		7,365					30,156
Examination & Classification	11-100-034-5120-066	9/1/10 - 6/30/11	74,933			5,385		5,385					69,548
Corrective Speech	11-100-034-5120-066	9/1/10 - 6/30/11	34,030			5,710		5,710					28,320
<b>New Jersey Nonpublic Aid:</b>													
Textbook Aid	12-100-034-5120-064	9/1/11 - 6/30/12	80,409			80,409	(73,048)			\$ 7,361			73,048
Nursing Services	12-100-034-5120-070	9/1/11 - 6/30/12	114,853			114,853	(114,853)						114,853
<b>Auxiliary Services:</b>													
Compensatory Education	12-100-034-5120-067	9/1/11 - 6/30/12	123,418			123,418	(53,172)				70,246		53,172
English as a Second Language	12-100-034-5120-067	9/1/11 - 6/30/12	1,724			1,724					1,724		
Transportation	12-100-034-5120-067	9/1/11 - 6/30/12	21,332			21,332	(21,332)						21,332
Home Instruction	12-100-034-5120-067	9/1/11 - 6/30/12	6,318				(6,318)		6,318				6,318
<b>Handicapped Services:</b>													
Supplemental Instruction	12-100-034-5120-066	9/1/11 - 6/30/12	35,076			35,076	(31,288)				3,788		31,288
Examination & Classification	12-100-034-5120-066	9/1/11 - 6/30/12	72,604			72,604	(67,137)				5,467		67,137
Corrective Speech	12-100-034-5120-066	9/1/11 - 6/30/12	37,123			37,123	(29,856)				7,267		29,856
<b>Total Special Revenue Fund</b>				<b>1,167</b>	<b>81,940</b>	<b>491,805</b>	<b>(397,004)</b>	<b>81,940</b>	<b>6,318</b>	<b>4,099</b>	<b>95,853</b>		<b>685,030</b>
<b>Enterprise Fund</b>													
State School Lunch Program	11-100-010-3350-023	9/1/10 - 6/30/11	15,091	1,975		1,975							15,091
State School Lunch Program	12-100-010-3350-023	9/1/11 - 6/30/12	15,177			12,898	(15,177)		\$ 2,279			\$ 2,279	15,177
<b>Total Enterprise Fund</b>				<b>1,975</b>		<b>14,873</b>	<b>(15,177)</b>		<b>2,279</b>			<b>2,279</b>	<b>30,268</b>
<b>Total State Financial Awards</b>				<b>\$ 1,589,179</b>	<b>\$ 81,940</b>	<b>\$ 10,922,907</b>	<b>\$ (11,142,828)</b>	<b>\$ 81,940</b>	<b>\$ 1,387,199</b>	<b>\$ 4,099</b>	<b>\$ 95,853</b>	<b>\$ 1,902,734</b>	<b>\$ 16,277,933</b>

N/A- Not Available

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Montclair Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2004, c.97. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$218,040 for the General Fund and there's no adjustment for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the on-behalf TPAF Pension or Post Retirement Contributions revenue of \$1,737,010 and \$3,491,842 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 406,924	\$ 10,730,647	\$ 11,137,571
Special Revenue Fund	2,784,634	397,004	3,181,638
Food Service Fund	575,154	15,177	590,331
Total Financial Assistance	<u>\$ 3,766,712</u>	<u>\$ 11,142,828</u>	<u>\$ 14,909,540</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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. FEDERAL AND STATE LOANS OUTSTANDING

Montclair Township School District had no loan balances outstanding at June 30, 2012.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2012.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular A-133, *Audits of State, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The District's major programs for the current fiscal year consisted of the following federal and state awards:

	Federal CFDA Number or State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<b>Federal:</b>				
Special Education Cluster:				
IDEA Part B, Basic	84.027	9/1/11-8/31/12	\$ 1,624,392	\$ 1,270,391
IDEA Part B, Basic - Carryover	84.027	9/1/10-8/31/12	1,617,519	542,168
IDEA Part B, Preschool	84.173	9/1/10-8/31/12	69,188	61,803
IDEA Part B, Preschool - ARRA	84.392	7/1/09-08/31/11	67,434	135
Title I:				
Title I	84.010A	9/1/11-8/31/12	537,774	390,654
Title I	84.010A	9/1/10-8/31/12	556,160	28,463
Education Jobs Program	84.410A	9/1/11-8/31/12	308,920	308,920
Foreign Languages Education	84.293C	9/1/11-8/31/12	290,000	289,881
Foreign Languages Education - Carryover	84.293C	9/1/10-8/31/11	253,000	10,303
<b>State:</b>				
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	3,916,173	3,916,173
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	733,364	733,364
Extraordinary Special Education Costs	12-495-034-5120-473	7/1/11-6/30/12	1,134,805	1,134,805

- The threshold for distinguishing Type A and Type B federal programs was \$300,000.
- The threshold for distinguishing Type A and Type B state programs was \$334,285.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Federal Circular.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

Summary of Auditors' Results: (Cont'd)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.