

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
MONTVILLE TOWNSHIP PUBLIC SCHOOLS

Montville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Montville Township Public Schools

Montville, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

Business Office

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INTRODUCTORY SECTION

Montville Township Public Schools

86 River Road • Montville, NJ 07045 • (973) 331-7100 (Phone) • (973) 316-4643 (Fax)

Dr. Paul Fried
Superintendent of Schools

James T. Tevis
School Business Administrator/
Board Secretary

Honorable President and
Members of the Board of Education
Montville Township Public Schools
County of Morris
86 River Road
Montville, NJ 07045

Dear Board Members:

The comprehensive annual financial report of the Montville Township Public Schools (the "district") for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Montville Township Public Schools. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the . 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, the district's organizational chart, and a list of principal officials. The financial section includes the basic 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 is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the state Treasurer 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 Montville Township Public Schools is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds of the district are included in this report. The Montville Township 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. These include regular, vocational, as well as special education for handicapped students. The district completed the 2011-2012 fiscal year with an enrollment of 4,243 students, including out-of- placements, which is 17 students less than the previous year's reported enrollment. The following details the changes in the student enrollment of the district over the last eight years:

| <u>Fiscal</u> <u>Year</u> | <u>Student</u> <u>Enrollment</u> | <u>Percent</u> <u>Change</u> |
|------------------------------|-------------------------------------|---------------------------------|
| 2011-2012 | 4,243 | -0.6 |
| 2010-2011 | 4,267 | -1.1 |
| 2009-2010 | 4,315 | +0.6 |
| 2008-2009 | 4,288 | -2.2 |
| 2007-2008 | 4,383 | +2.7 |
| 2006-2007 | 4,266 | +1.3 |
| 2005-2006 | 4,211 | +4.3 |
| 2004-2005 | 4,039 | +1.0 |

2. ECONOMIC CONDITION AND OUTLOOK: As Montville Township's population has increased, the demands for services, facilities and infrastructure improvements have also increased. In keeping with these demands, the Township has undertaken many new projects and continues to respond to the public demand for additional facilities. The local planning board continues to review and approve some subdivisions. This may result in an increase in the annual daily enrollment of the school.

The Township has enacted an Economic Development Committee (EDC), which is charged with developing and implementing a strategic business attraction and retention program for the municipality. Its practical function over the past few years has been to match enterprises looking for a new home with a suitable and appropriate location within the Township's borders.

The district has continued to maintain an excellent credit rating. Presently, the district is rated AA by Standard & Poor.

The district also receives grant moneys from the Montville Educational Foundation, which are enhancements to the school programs. The Montville Educational Foundation was founded for this purpose, and it consists of community members.

3. MAJOR INITIATIVES AND ACCOMPLISHMENTS: Montville students continue to score above state averages on all tests and remain competitive in our District Factor Group. On Advanced Placement testing, 23 Montville Township High School students were named "AP Scholars," 18 were "Scholars with Honors," 11 were "National Scholars," and 49 received AP "Distinctions." In the 2012 graduating class, 91 percent of Montville Township graduates attend either two or four-year colleges. Six Montville Township students qualified as National Merit Scholars, and 21 were commended in the 2012 National Merit Program. Mean SAT I scores for Montville students far exceeded scores of students in the state and across the country. Students were accepted into many schools ranked highest in *U.S. News and World Report's* list of top colleges and universities.

Montville Township students are very involved in activities that extend classroom learning, and they have achieved state and national recognition in the areas of Forensics; Science; Mathematics; History; Computer Science; DECA; FBLA; Music; Art; and Practical Arts; and state, national, and conference recognition in Athletics to include Boys' and Girls' Cross Country, Field Hockey, Boys' and Girls' Soccer, Girls' and Boys' Tennis, Girls' Volleyball, Winter Track, Wrestling, Ice Hockey, Baseball, Cheerleading, Boys' and Girls' Lacrosse, Softball, and Girls' and Boys' Track.

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 school system are protected from loss, theft, or misuse and to ensure 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's management.

As 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 school system has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2012.

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. These funds are explained in "Notes to 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 4. 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.

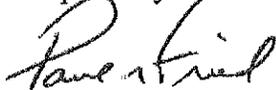
8. RISK MANAGEMENT: The District is a member of a consortium with several other school districts that provides various coverage's of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. This insurance program is administered by a single agent with coverage's insured by different carriers.

The District is a member of the Pooled Insurance program (the "Fund"). The Fund is a risk-sharing public entity pool established for the purpose of insuring against workers' compensation claims.

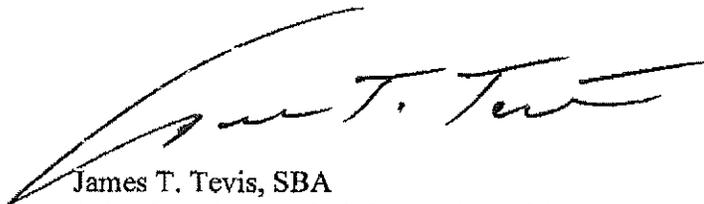
9. OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins was selected by the Board in 1992 and subsequently reappointed by the Board on an annual basis. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements, each major fund and the aggregate remaining fund information 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. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Montville Township 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 financial and accounting staff.

Respectfully submitted,



Paul R. Fried, Ed.D.
Superintendent of Schools



James T. Tevis, SBA
School Business Administrator/Board Secretary

MONTVILLE TOWNSHIP BOARD OF EDUCATION

MISSION STATEMENT

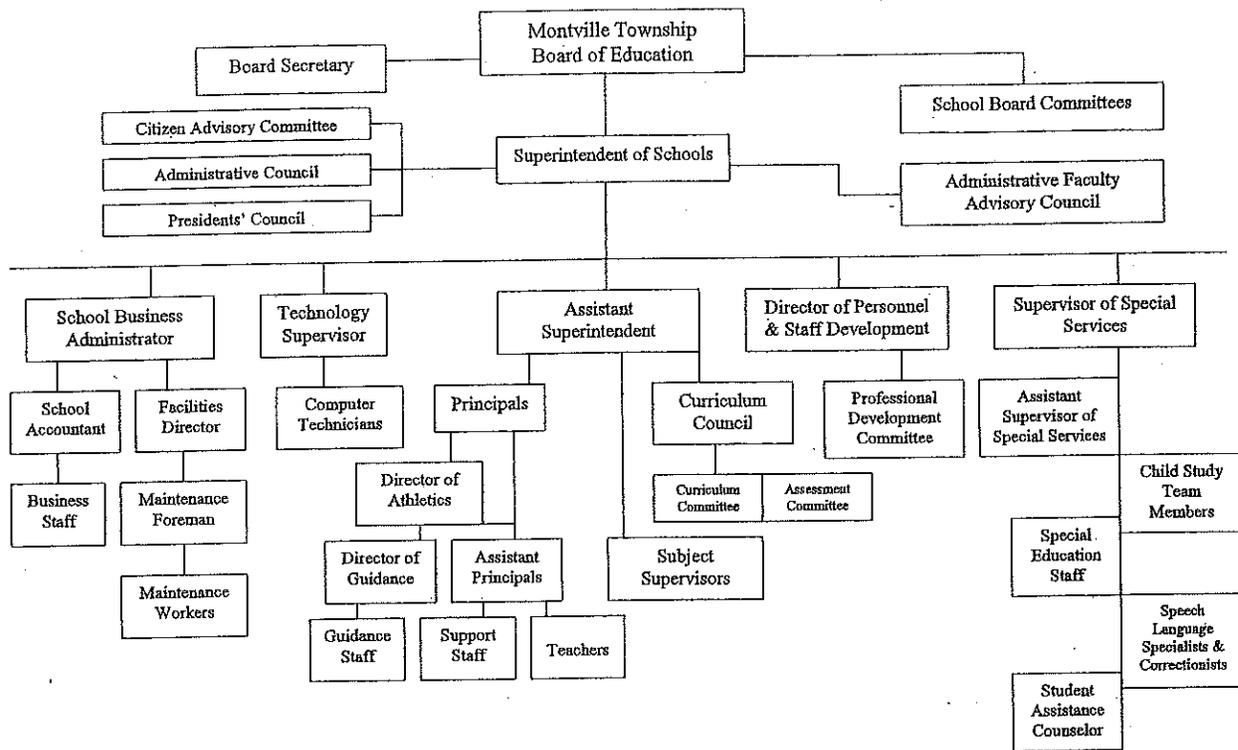
**To guarantee an exceptional education for our children,
to maximize individual potential, and
foster a lifelong commitment to learning through a strong
partnership of educators, families, and community.**

POLICY

MONTVILLE TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 07 June 2005



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
86 RIVER ROAD
MONTVILLE, NJ 07045**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Dr. Karen Cortellino, President | 2015 |
| Dr. Matthew Kayne, Vice President | 2014 |
| Jon Alin | 2015 |
| Charles Grau | 2015 |
| John Morella | 2013 |
| Carmella Novi | 2013 |
| Michael Palma | 2014 |
| Frank Cooney | 2014 |
| Jackie Ritschel | 2013 |

Other Officials

Paul R. Fried, Superintendent of Schools

James T. Tevis, School Business Administrator/Board Secretary

Casey Shorter, Assistant Superintendent

Andrea Selvaggi, Assistant Superintendent for C&I

Katie Yanke, Treasurer

Schwartz, Simon, Edelstein, Celso & Zitomer, Board Attorney

MONTVILLE TOWNSHIP PUBLIC SCHOOLS

CONSULTANTS AND ADVISORS

Auditing Firm

Lerch, Vinci & Higgins
17-17 Route 208
Fair Lawn, NJ 07410

Attorney

Schwartz, Simon, Edelstein & Celso
100 South Jefferson Road
Whippany, NJ 07981

Official Depository

Lakeland Bank
166 Changebridge Road
P.O. Box 425
Montville, NJ 07045

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410
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GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Montville Township Public Schools
Montville, 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 Montville Township Public Schools as of and for the fiscal year ended June 30, 2012, which collectively comprise the Montville Township Public Schools' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Montville Township Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Montville Township Public Schools' internal control over financial reporting. Accordingly, we express no such opinion. 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 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools' 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 28, 2012 on our consideration of the Montville Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 the Montville Township Public Schools' basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual non-major fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have 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 them.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 28, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
MONTVILLE, NEW JERSEY**

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012**

This discussion and analysis of the Montville Township School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2012. The intent of this analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- The District's total assets exceeded liabilities at year end by \$22,839,523 (net assets). The District's net assets increased \$3,947,057, or 21% from the previous year, as adjusted.
- General revenues accounted for \$63,869,998 or 85 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,869,274 or 15 percent of total revenues of \$74,739,272.
- The School District had \$69,269,005 in governmental expenses; only \$9,626,497 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$69,181,120 in revenues and \$65,603,846 in expenditures. After allowing for operating transfers, the General Fund's fund balance increased \$2,936,758, or 60 percent from 2011.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

These two statements report the School District's net assets and changes in those assets. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, and reserve balances, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- **Governmental activities** – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** – These services are provided on a charge-for- goods or services basis to recover all the expenses of the goods or services provided. The Food Service Fund and the Montville Extended Day Learning Center (MEDLC) Enterprise Funds are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method known as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same as the District-wide statements.

The District as a Whole

The Statement of Net Assets provides one perspective of the District as a whole.

A comparative summary of the District's net assets as of June 30, 2012 and 2011 is as follows:

| | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|
| Assets | | |
| Current and Other Assets | \$ 11,941,787 | \$ 8,772,260 |
| Capital Assets, net of accumulated depreciation | <u>34,011,819</u> | <u>34,326,898</u> |
| Total Assets | <u>45,953,606</u> | <u>43,099,158</u> |
| Liabilities | | |
| Long-Term Liabilities | 20,295,819 | 21,962,748 |
| Other Liabilities | <u>2,818,264</u> | <u>2,064,799</u> |
| Total Liabilities | <u>23,114,083</u> | <u>24,027,547</u> |
| Net Assets | | |
| Invested in capital assets, net of debt | 15,452,487 | 14,127,090 |
| Restricted | 3,420,820 | 1,220,819 |
| Unrestricted | <u>3,966,216</u> | <u>3,723,702</u> |
| Total Net Assets | <u>\$ 22,839,523</u> | <u>\$ 19,071,611</u> |

A comparative schedule of the changes in net assets for fiscal years ended June 30, 2012 and 2011 is as follows:

| | <u>2012</u> | <u>2011</u> |
|--|-------------------------|-------------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 1,789,275 | \$ 1,815,787 |
| Grants and Contributions | 9,079,999 | 7,444,058 |
| General Revenues: | | |
| Property Taxes | 63,185,837 | 62,255,176 |
| Grants and Entitlements | 120,990 | 137,224 |
| Other | <u>563,171</u> | <u>555,417</u> |
| Total Revenues | <u>74,739,272</u> | <u>72,207,662</u> |
| Program Expenses | | |
| Instruction | 43,594,328 | 42,589,394 |
| Support Services: | | |
| Pupils and Instructional Staff | 9,720,565 | 9,259,691 |
| General Administration, School Administration, Business, Operations and Maintenance of Facilities | 11,689,277 | 11,423,864 |
| Pupil Transportation | 3,373,629 | 3,277,783 |
| Interest on Debt | 891,206 | 924,295 |
| Food Service and Extended Day Learning Center | <u>1,523,210</u> | <u>1,434,404</u> |
| Total Expenses | <u>70,792,215</u> | <u>68,909,431</u> |
| Increase in Net Assets | <u>\$ 3,947,057</u> | <u>\$ 3,298,231</u> |

Governmental Activities

The nature of funding public schools primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 86 percent of revenues for governmental activities for the Montville Township Public Schools in fiscal year 2012. The District's total governmental revenues were \$73,492,977 for the fiscal year ended June 30, 2012. Federal, state, and local grants accounted for 12 percent of this total revenue. The total cost of all governmental programs and services was \$69,269,005. Instruction comprises 63 percent of District governmental expenses.

Business-Type Activities

Revenues for the District’s business-type activities (food service and extended day learning center programs) were comprised of charges for services and federal reimbursements.

- Enterprise Fund operating expenses exceeded operating revenues by \$276,915.
- Charges for services represent 98 percent of revenue. This represents amounts paid for food service and extended day learning center fees.
- Federal reimbursement for milk including payments for free milk amounted to \$16,855 of total Enterprise Fund revenues.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The total cost of services and the net cost of services for the fiscal years ended June 30, 2012 and 2011 are summarized below. The net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions.

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|--|-------------------------------|----------------------|-----------------------------|----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Instruction | \$ 43,594,328 | \$ 42,589,394 | \$ 35,748,287 | \$ 36,743,367 |
| Support Services | | | | |
| Pupils and Instructional Staff | 9,720,565 | 9,259,691 | 8,880,558 | 8,581,484 |
| General Administration, School Admin., Business, Operation and Maintenance of Facilities | 11,689,277 | 11,423,864 | 11,216,810 | 10,535,242 |
| Pupil Transportation | 3,373,629 | 3,277,783 | 2,969,515 | 2,779,719 |
| Interest and Fiscal Charges | 891,206 | 924,295 | 827,338 | 844,052 |
| Total | <u>\$ 69,269,005</u> | <u>\$ 67,475,027</u> | <u>\$ 59,642,508</u> | <u>\$ 59,483,864</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

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

Governmental Activities (Continued)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$73,492,977 and expenditures were \$70,933,135.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a comparative summary of the governmental fund revenues for the fiscal years ended June 30, 2012 and 2011.

| <u>Revenue</u> | <u>Fiscal Year Ended</u> | | <u>Amount of Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> |
|-----------------|--------------------------|----------------------|--------------------------------------|------------------------------------|
| | <u>June 30, 2012</u> | <u>June 30, 2011</u> | | |
| Local Sources | \$ 64,326,668 | \$ 63,421,079 | \$ 905,589 | 1.4% |
| State Sources | 7,509,113 | 5,986,825 | 1,522,288 | 25.4% |
| Federal Sources | 1,657,196 | 1,527,866 | 129,330 | 8.5% |
| Total Revenues | <u>\$ 73,492,977</u> | <u>\$ 70,935,770</u> | <u>\$ 2,557,207</u> | 3.6% |

The following schedule represents a comparative summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2012 and 2011.

| <u>Expenditures</u> | <u>Fiscal Year Ended</u> | | <u>Amount of Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> |
|---------------------|--------------------------|----------------------|--------------------------------------|------------------------------------|
| | <u>June 30, 2012</u> | <u>June 30, 2011</u> | | |
| Current | | | | |
| Instruction | \$ 43,461,049 | \$ 42,393,466 | \$ 1,067,583 | 2.5% |
| Support Services | 23,258,276 | 22,933,282 | 324,994 | 1.4% |
| Capital Outlay | 1,528,013 | 3,048,069 | (1,520,056) | -49.9% |
| Debt Service | | | | |
| Principal | 1,799,217 | 1,810,024 | (10,807) | -0.6% |
| Interest and Other | 886,580 | 954,351 | (67,771) | -7.1% |
| Total Expenditures | <u>\$ 70,933,135</u> | <u>\$ 71,139,192</u> | <u>\$ (206,057)</u> | -0.3% |

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Energy (Heat and Electricity) – There was a substantial increase in the cost of heating. This increased cost was offset by unanticipated revenues and unexpended balances in other accounts.
- Capital Outlay – Transfers were made to cover the costs related to capital improvement projects throughout the District.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item in the District's budget but is required to be reflected in the financial statements.

Capital Assets

At the end of fiscal year 2012, the District had \$63,723,632 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2012 was \$29,711,813. The Table below compares the fiscal year 2012 balances to the 2011 balances.

Capital Assets (Net of Depreciation) at June 30

| | <u>2012</u> | <u>2011</u> |
|------------------------------------|-----------------------------|-----------------------------|
| Land | \$ 129,801 | \$ 129,801 |
| Construction in Progress | 1,798,967 | 1,872,747 |
| Improvements Other Than Buildings | 1,640,903 | 1,726,437 |
| Building and Building Improvements | 29,038,077 | 29,152,633 |
| Machinery and Equipment | <u>1,404,071</u> | <u>1,445,280</u> |
| Total Capital Assets, Net | <u>\$ 34,011,819</u> | <u>\$ 34,326,898</u> |

Debt Administration

At June 30, 2012, the District had \$20,295,819 of long-term liabilities. Of this amount, \$680,577 is for compensated absences; \$174,971 is for outstanding capital leases and \$19,440,271 for outstanding serial bonds (net of unamortized premium and deferred amount on refunding) issued to fund school construction projects.

Outstanding Bonded Debt at June 30

| | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|
| 2004 Refunding Bonds | \$ 5,890,000 | \$ 6,720,000 |
| 2006 Refunding Bonds | 7,170,000 | 7,475,000 |
| 2008 Refunding Bonds | <u>6,335,000</u> | <u>6,865,000</u> |
| Sub-total | 19,395,000 | 21,060,000 |
| Add: Unamortized Premium on Refunding Bonds | 561,452 | 662,148 |
| Less: Unamortized Amount on Refunding | <u>(516,181)</u> | <u>(610,720)</u> |
| Total | <u>\$ 19,440,271</u> | <u>\$ 21,111,428</u> |

For the Future

Currently, the District is in stable financial condition, given the financial limits placed on school districts by the state law. Everyone associated with the Montville Township Public Schools is grateful for the community support of the schools. A major concern is continued enrollment growth. This, in an environment of flat state funding, means an ever-increasing reliance on local property taxes

In conclusion, the Montville Township Public Schools has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Montville Township Public Schools, 86 River Road, Montville, NJ 07045.

BASIC FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 7,846,884 | \$ 809,298 | \$ 8,656,182 |
| Receivables, net | | | |
| Receivables from Other Governments | 3,011,658 | 1,500 | 3,013,158 |
| Accounts | 84,284 | 2,990 | 87,274 |
| Inventories | | 8,532 | 8,532 |
| Deferred Charges | 176,641 | | 176,641 |
| Internal Balances | (68) | 68 | |
| Capital Assets, not being depreciated | 1,928,768 | | 1,928,768 |
| Capital Assets, being depreciated, net | 32,031,339 | 51,712 | 32,083,051 |
| | <u>45,079,506</u> | <u>874,100</u> | <u>45,953,606</u> |
| Total Assets | | | |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 173,130 | 10,280 | 183,410 |
| Due to Other Funds | 5,759 | | 5,759 |
| Payable to Other Governments | 11,366 | | 11,366 |
| Unearned Revenue | 1,046,034 | 29,900 | 1,075,934 |
| Accrued Liabilities for Insurance Claims | 1,181,317 | | 1,181,317 |
| Accrued Interest Payable | 360,478 | | 360,478 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 1,862,676 | | 1,862,676 |
| Due Beyond One Year | 18,433,143 | | 18,433,143 |
| | <u>23,073,903</u> | <u>40,180</u> | <u>23,114,083</u> |
| Total Liabilities | | | |
| NET ASSETS | | | |
| Invested in Capital Assets, net of Related Debt | 15,400,775 | 51,712 | 15,452,487 |
| Restricted for: | | | |
| Debt Service | 15,191 | | 15,191 |
| Capital Projects | 2,405,629 | | 2,405,629 |
| Plant Maintenance | 1,000,000 | | 1,000,000 |
| Unrestricted | 3,184,008 | 782,208 | 3,966,216 |
| | <u>\$ 22,005,603</u> | <u>\$ 833,920</u> | <u>\$ 22,839,523</u> |
| Total Net Assets | | | |

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
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 | \$ 29,625,688 | \$ 63,586 | \$ 3,625,459 | | \$ (25,936,643) | | \$ (25,936,643) |
| Special Education | 10,884,258 | | 3,652,067 | | (7,232,191) | | (7,232,191) |
| Other Instruction | 1,394,338 | | 356,872 | \$ 6,032 | (1,031,434) | | (1,031,434) |
| School Sponsored Activities and Athletics | 1,690,044 | 142,025 | | | (1,548,019) | | (1,548,019) |
| Support Services | | | | | | | |
| Student and Instruction Related Svcs. | 9,720,565 | | 840,007 | | (8,880,558) | | (8,880,558) |
| General Administrative Services | 1,641,283 | | | | (1,641,283) | | (1,641,283) |
| School Administrative Services | 2,987,170 | | 250,902 | | (2,736,268) | | (2,736,268) |
| Plant Operations and Maintenance | 5,852,882 | | 110,091 | 111,474 | (5,631,317) | | (5,631,317) |
| Pupil Transportation | 3,373,629 | 357,742 | 46,372 | | (2,969,515) | | (2,969,515) |
| Business Services | 1,207,942 | | | | (1,207,942) | | (1,207,942) |
| Interest on Long-Term debt | 891,206 | | 63,868 | | (827,338) | | (827,338) |
| Total Governmental Activities | 69,269,005 | 563,353 | 8,945,638 | 117,506 | (59,642,508) | - | (59,642,508) |
| Business-Type Activities | | | | | | | |
| Food Service | 723,822 | 670,253 | 16,855 | | | \$ (36,714) | (36,714) |
| Extended Day Learning Center | 799,388 | 555,669 | | | | (243,719) | (243,719) |
| Total Business-Type Activities | 1,523,210 | 1,225,922 | 16,855 | | | (280,433) | (280,433) |
| Total Primary Government | \$70,792,215 | \$ 1,789,275 | \$ 8,962,493 | \$ 117,506 | (59,642,508) | (280,433) | (59,922,941) |
| General Revenues: | | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | | 60,826,776 | | 60,826,776 |
| Taxes Levied for Debt Service | | | | | 2,359,061 | | 2,359,061 |
| State Aid - Restricted for Debt Service | | | | | 120,990 | | 120,990 |
| Investment Earnings | | | | | 119,460 | 3,518 | 122,978 |
| Miscellaneous Income | | | | | 440,193 | | 440,193 |
| Total General Revenues | | | | | 63,866,480 | 3,518 | 63,869,998 |
| Change in Net Assets | | | | | 4,223,972 | (276,915) | 3,947,057 |
| Net Assets, Beginning of Year | | | | | 17,960,776 | 1,110,835 | 19,071,611 |
| Prior Period Adjustment | | | | | (179,145) | | (179,145) |
| Net Assets, End of Year | | | | | \$ 22,005,603 | \$ 833,920 | \$ 22,839,523 |

FUND FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 7,825,475 | \$ 23 | \$ 6,195 | \$ 15,191 | \$ 7,846,884 |
| Receivables | | | | | |
| Due From Other Funds | 1,339,498 | | 47,813 | | 1,387,311 |
| Intergovernmental | 169,464 | 305,992 | 2,536,202 | | 3,011,658 |
| Other | 84,284 | | | | 84,284 |
| Total Assets | <u>\$ 9,418,721</u> | <u>\$ 306,015</u> | <u>\$ 2,590,210</u> | <u>\$ 15,191</u> | <u>\$ 12,330,137</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 129,857 | \$ 38,532 | \$ 4,741 | | \$ 173,130 |
| Due To Other Funds | 5,827 | 215,882 | 1,171,429 | | 1,393,138 |
| Payable to Other Governments | | 11,366 | | | 11,366 |
| Deferred Revenue | 275,237 | 40,235 | 730,562 | | 1,046,034 |
| Accrued Liability for Insurance Claims | 1,181,317 | | | | 1,181,317 |
| Total Liabilities | <u>1,592,238</u> | <u>306,015</u> | <u>1,906,732</u> | <u>-</u> | <u>3,804,985</u> |
| Fund Balances | | | | | |
| Restricted | | | | | |
| Capital Reserve | 2,193,829 | | | | 2,193,829 |
| Maintenance Reserve | 1,000,000 | | | | 1,000,000 |
| Excess Surplus- Designated for Subsequent Year's Budget | 1,392,975 | | | | 1,392,975 |
| Excess Surplus | 1,202,169 | | | | 1,202,169 |
| Capital Projects | | | 683,478 | | 683,478 |
| Debt Service | | | | \$ 15,191 | 15,191 |
| Assigned | | | | | |
| Encumbrances | 44,951 | | | | 44,951 |
| Designated for Subsequent Year's Budget | 719,571 | | | | 719,571 |
| Capital Reserve - Designated for Subsequent Year's Budget | 211,800 | | | | 211,800 |
| Unassigned | 1,061,188 | - | - | - | 1,061,188 |
| Total Fund Balances | <u>7,826,483</u> | <u>-</u> | <u>683,478</u> | <u>15,191</u> | <u>8,525,152</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,418,721</u> | <u>\$ 306,015</u> | <u>\$ 2,590,210</u> | <u>\$ 15,191</u> | |

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 \$63,448,039 and the accumulated depreciation is \$29,487,932.

33,960,107

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 (Note 2).

(20,479,656)

Net Assets of Governmental Activities (Exhibit A-1)

\$ 22,005,603

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Tax Levy | \$ 60,826,776 | | | \$ 2,359,061 | \$ 63,185,837 |
| Tuition | 63,586 | | | | 63,586 |
| Transportation | 357,742 | | | | 357,742 |
| Interest | 119,460 | | | | 119,460 |
| Miscellaneous | 582,218 | \$ 17,825 | | | 600,043 |
| Total - Local Sources | 61,949,782 | 17,825 | - | 2,359,061 | 64,326,668 |
| State Sources | 7,121,247 | 91,534 | \$ 111,474 | 184,858 | 7,509,113 |
| Federal Sources | 110,091 | 1,547,105 | | | 1,657,196 |
| Total Revenues | 69,181,120 | 1,656,464 | 111,474 | 2,543,919 | 73,492,977 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Regular Instruction | 29,321,528 | 180,106 | | | 29,501,634 |
| Special Education Instruction | 9,894,308 | 987,684 | | | 10,881,992 |
| Other Instruction | 1,174,994 | 212,385 | | | 1,387,379 |
| School Sponsored Activities and Athletics | 1,690,044 | | | | 1,690,044 |
| Support Services and Undistributed Costs | | | | | |
| Student and Instruction Related Services | 9,420,045 | 270,257 | | | 9,690,302 |
| General Administrative Services | 1,598,800 | | | | 1,598,800 |
| School Administrative Services | 2,925,910 | | | | 2,925,910 |
| Plant Operations and Maintenance | 4,468,632 | | | | 4,468,632 |
| Pupil Transportation | 3,373,629 | | | | 3,373,629 |
| Business/Central Services | 1,201,003 | | | | 1,201,003 |
| Debt Service | | | | | |
| Principal | 134,217 | | | 1,665,000 | 1,799,217 |
| Interest and Other Charges | 7,662 | | | 878,918 | 886,580 |
| Capital Outlay | 393,074 | 6,032 | 1,128,907 | | 1,528,013 |
| Total Expenditures | 65,603,846 | 1,656,464 | 1,128,907 | 2,543,918 | 70,933,135 |
| Excess (Deficiency) of Revenues Over Expenditures | 3,577,274 | - | (1,017,433) | 1 | 2,559,842 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital Lease Proceeds | 161,051 | | | | 161,051 |
| Transfers In | 24,433 | | 826,000 | | 850,433 |
| Transfers Out | (826,000) | | (24,433) | | (850,433) |
| Total Other Financing Sources and Uses | (640,516) | - | 801,567 | - | 161,051 |
| Net Change in Fund Balances | 2,936,758 | - | (215,866) | 1 | 2,720,893 |
| Fund Balance, Beginning of Year | 4,889,725 | - | 899,344 | 15,190 | 5,804,259 |
| Fund Balance, End of Year | \$ 7,826,483 | \$ - | \$ 683,478 | \$ 15,191 | \$ 8,525,152 |

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,720,893

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

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

| | | |
|----------------------------|------------------|-----------|
| Depreciation Expense | \$ (1,651,215) | |
| Capital Outlay - Additions | <u>1,528,013</u> | |
| | | (123,202) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions have no effect on net assets. This amount represents the repayments of debt principal during the current period.

| | | |
|----------------------|----------------|-----------|
| Debt Issued | | |
| Capital Lease | | (161,051) |
| Principal Repayments | | |
| Serial Bonds | \$ 1,665,000 | |
| Capital Lease | <u>134,217</u> | |
| | | 1,799,217 |

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | | |
|--|---------------|-----------------|
| Increase in Accrued Interest | (10,783) | |
| Amortization of Original Issue Premium | 100,696 | |
| Amortization of Deferred Amount on Refunding | (94,539) | |
| Amortization of Debt Issuance Costs | (29,865) | |
| Net Decrease in Compensated Absences | <u>22,606</u> | |
| | | <u>(11,885)</u> |

Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 4,223,972

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

| | <u>Business- Type Activities Enterprise Funds Non - Major</u> |
|------------------------------------|---|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 809,298 |
| Receivables | |
| Intergovernmental | 1,500 |
| Other | 2,990 |
| Due from Other Funds | 68 |
| Inventories | <u>8,532</u> |
| Total Current Assets | <u>822,388</u> |
| Capital Assets | |
| Furniture, Machinery and Equipment | 275,593 |
| Less: Accumulated Depreciation | <u>(223,881)</u> |
| Total Capital Assets | <u>51,712</u> |
| Total Assets | <u>874,100</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 251 |
| Unearned Revenue | 29,900 |
| Other Current Liabilities | <u>10,029</u> |
| Total Current Liabilities | <u>40,180</u> |
| NET ASSETS | |
| Invested in Capital Assets | 51,712 |
| Unrestricted | <u>782,208</u> |
| Total Net Assets | <u><u>\$ 833,920</u></u> |

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Business-Type Activities Enterprise Fund Non-Major</u> |
|-------------------------------------|---|
| OPERATING REVENUES | |
| Charges for Services | |
| Daily Sales | \$ 598,619 |
| Special Functions | 71,634 |
| Program Fees | <u>555,669</u> |
| Total Operating Revenues | <u>1,225,922</u> |
| OPERATING EXPENSES | |
| Salaries and Wages | 748,323 |
| Personal Services Employee-Benefits | 31,930 |
| Other Purchased Services | 221,302 |
| Supplies and Materials | 44,581 |
| Utilities | 127,462 |
| Cost of Sales | 331,540 |
| Miscellaneous | 5,340 |
| Depreciation | <u>12,732</u> |
| Total Operating Expenses | <u>1,523,210</u> |
| Operating (Loss) | <u>(297,288)</u> |
| NONOPERATING REVENUES | |
| Federal Sources | |
| Special Milk Program | 16,855 |
| Interest | <u>3,518</u> |
| Total Nonoperating Revenues | <u>20,373</u> |
| Change in Net Assets | (276,915) |
| Net Assets, Beginning of Year | <u>1,110,835</u> |
| Net Assets, End of Year | <u>\$ 833,920</u> |

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | Business-Type Activities Enterprise Funds Non-Major |
|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Customers | \$ 1,248,678 |
| Cash Payments for Employees Salaries and Benefits | (780,253) |
| Cash Payments to Suppliers for Goods and Services | (778,868) |
| Net Cash (Used for) Operating Activities | (310,443) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Cash Payments to Other Funds | (358,470) |
| Cash Received from Other Governments | 17,085 |
| Net Cash Provided By (Used for) Non-Capital Financing Activities | (341,385) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest Earnings | 3,518 |
| Net Cash Provided By Investing Activities | 3,518 |
| Net (Decrease) in Cash and Cash Equivalents | (648,310) |
| Cash and Cash Equivalents, Beginning of Year | 1,457,608 |
| Cash and Cash Equivalents, End of Year | \$ 809,298 |
| Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities: | |
| Operating (Loss) | \$ (297,288) |
| Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities | |
| Depreciation | 12,732 |
| Change in Assets and Liabilities | |
| (Increase) / Decrease in Accounts Receivable | (875) |
| Increase / (Decrease) in Accounts Payable | (47,027) |
| Increase/(Decrease) in Other Current Liabilities | 4,904 |
| Increase / (Decrease) in Unearned Revenue | 18,727 |
| (Increase) / Decrease in Inventory | (1,616) |
| Total Adjustments | (13,155) |
| Net Cash (Used for) Operating Activities | \$ (310,443) |

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

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012

| | <u>Private Purpose Trust Funds</u> | <u>Unemployment Compensation Trust Fund</u> | <u>Agency Fund</u> |
|---|--|---|------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 17,742 | \$ 309,180 | \$ 547,202 |
| Due from Other Funds | 1,585 | | 4,174 |
| | <u>19,327</u> | <u>309,180</u> | <u>\$ 551,376</u> |
| LIABILITIES | | | |
| Due to Student Groups | | | \$ 235,759 |
| Intergovernmental Accounts Payable | | 62,050 | |
| Accrued Salaries and Wages | | | 72 |
| Reserve for Flex Spending | | | 2,260 |
| Reserve for COBRA | | | 563 |
| Payroll Deductions and Withholdings Payable | | | 312,722 |
| | <u>-</u> | <u>62,050</u> | <u>\$ 551,376</u> |
| NET ASSETS | | | |
| Held In Trust For Unemployment Claims and Other Purposes | <u>\$ 19,327</u> | <u>\$ 247,130</u> | |

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Private Purpose Trust Funds</u> | <u>Unemployment Compensation Trust Fund</u> |
|---------------------------------------|--|---|
| ADDITIONS | | |
| Interest Earnings | \$ 276 | \$ 3,262 |
| Donations | 200 | |
| Board Contributions | | 152,000 |
| Employee Deductions | | 58,473 |
| | <hr/> | <hr/> |
| Total Additions | 476 | 213,735 |
| | <hr/> | <hr/> |
| DEDUCTIONS | | |
| Scholarships Awarded | 1,000 | |
| Unemployment Claims and Contributions | | 320,082 |
| | <hr/> | <hr/> |
| Total Deductions | 1,000 | 320,082 |
| | <hr/> | <hr/> |
| Change in Net Assets | (524) | (106,347) |
| Net Assets, Beginning of Year | 19,851 | 353,477 |
| | <hr/> | <hr/> |
| Net Assets, End of Year | <u>\$ 19,327</u> | <u>\$ 247,130</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Montville Township Public Schools (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees consists of nine 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Montville Township Public Schools this includes general operations, food service, after school child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific district activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities incorporate data from the governmental funds, while the business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is a major individual governmental fund, each reported as separate columns in the fund financial statements. All remaining enterprise funds are aggregated and reported as non-major funds. The District considers all of its governmental funds to be major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all other eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the Proprietary Funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *Montville Extended Day Learning Center (MEDLC) fund* accounts for the activities of the District's after school child care program.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the District's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service and MEDLC enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal subsidies for the food service operation are considered nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|--------------------------------|--------------|
| Land Improvements | 20 |
| Buildings | 40-50 |
| Building Improvements | 20 |
| Heavy Equipment | 10 |
| Office Equipment and Furniture | 10 |
| Computer Equipment | 5 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the District's commitment to fund such costs from future operations. Proprietary Funds do not permit the accumulation or accrual of unused vacation, personal and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during 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 debt service expenditures.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the 2010/11 fiscal year, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3b.)

Maintenance Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

Capital Reserve – Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

| | |
|---|------------------------------|
| Bonds payable | \$(19,395,000) |
| Less: | |
| Deferred charge on refunding | 516,181 |
| Deferred charge for issuance costs | 176,641 |
| Add: | |
| Issuance premium | (561,452) |
| Accrued interest payable | (360,478) |
| Capital leases payable | (174,971) |
| Compensated absences | <u>(680,577)</u> |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities | <u><u>\$(20,479,656)</u></u> |

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$1,287,745. The increase was funded by additional federal aid, grant awards and the reappropriation of prior year general fund encumbrances.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 7, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District on October 3, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes 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-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

| | |
|---------------------------------------|---------------------|
| Balance, July 1, 2011 | \$ 605,629 |
| Increases | |
| Deposits Approved by Board Resolution | <u>1,800,000</u> |
| Balance, June 30, 2012 | <u>\$ 2,405,629</u> |

Analysis of Fund Balance, June 30, 2012

| | |
|--|---------------------|
| Restricted - Capital Reserve | \$ 2,193,829 |
| Assigned - Designated for Subsequent Year's Budget | <u>211,800</u> |
| | <u>\$ 2,405,629</u> |

The June 30, 2012 LRFPP balance of local support costs of uncompleted capital projects is \$39,526,770.

C. Transfers to Capital Outlay

During the 2011/2012 school year, the district transferred \$11,200 to the capital outlay accounts. The transfer was made to supplement a previously approved project and therefore did not require approval of the Executive County Superintendent approval.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures 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 \$2,595,144. Of this amount, \$1,392,975 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$1,202,169 will be appropriated in the 2013/2014 original budget certified for taxes.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the District's deposits was \$9,530,306 and bank balances of the District's cash and deposits amounted to \$11,320,564. The District's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

| | |
|---------|----------------------|
| Insured | \$ <u>11,320,564</u> |
|---------|----------------------|

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does have a policy for custodial credit risk. As of June 30, 2012 the District's bank balances were not exposed to custodial credit risk since all deposits were considered insured by FDIC, SIPC or GUDPA.

Investments

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2012, the District had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund, if any, are assigned to the General Fund in accordance with District policy.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2012 for the district's individual major and non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Food Service</u> | <u>MEDLC</u> | <u>Total</u> |
|---------------------------------------|-------------------|----------------------------|-----------------------------|-------------------------|-----------------|---------------------|
| Receivables: | | | | | | |
| Accounts | \$ 84,284 | | | | \$ 2,990 | \$ 87,274 |
| Intergovernmental | <u>169,464</u> | <u>\$ 305,992</u> | <u>\$ 2,536,202</u> | <u>\$ 1,500</u> | <u>-</u> | <u>3,013,158</u> |
| Gross Receivables | 253,748 | 305,992 | 2,536,202 | 1,500 | 2,990 | 3,100,432 |
| Less: Allowance for Uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Total Receivables | <u>\$ 253,748</u> | <u>\$ 305,992</u> | <u>\$ 2,536,202</u> | <u>\$ 1,500</u> | <u>\$ 2,990</u> | <u>\$ 3,100,432</u> |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

| | <u>Unearned</u> |
|---|------------------------|
| General Fund | |
| Prepayment of Subscription Busing Fees | \$ 275,237 |
| Special Revenue Fund | |
| Unencumbered grant draw downs | 40,235 |
| Capital Projects Fund | |
| Unrealized School Facility Grants | <u>730,562</u> |
| Total Deferred Revenue for Governmental Funds | <u>\$1,046,034</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

| | Balance, July 1, 2011 | Prior Period Adjustment | Increases | Adjustments/ Decreases | Balance, June 30, 2012 |
|--|--------------------------|----------------------------|---------------------|---------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 129,801 | | | | \$ 129,801 |
| Construction in Progress | <u>1,872,747</u> | - | \$ 1,128,657 | \$ (1,202,437) | <u>1,798,967</u> |
| Total Capital Assets, Not Being Depreciated | <u>2,002,548</u> | - | <u>1,128,657</u> | <u>(1,202,437)</u> | <u>1,928,768</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | 50,648,524 | \$ (179,145) | 250 | 1,202,437 | 51,672,066 |
| Improvements Other Than Buildings | 3,267,202 | | | | 3,267,202 |
| Machinery and Equipment | <u>6,225,666</u> | - | <u>399,106</u> | <u>(44,769)</u> | <u>6,580,003</u> |
| Total Capital Assets Being Depreciated | <u>60,141,392</u> | <u>(179,145)</u> | <u>399,356</u> | <u>1,157,668</u> | <u>61,519,271</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (21,495,891) | | (1,138,098) | | (22,633,989) |
| Improvements Other Than Buildings | (1,540,765) | | (85,534) | | (1,626,299) |
| Machinery and Equipment | <u>(4,844,830)</u> | - | <u>(427,583)</u> | <u>44,769</u> | <u>(5,227,644)</u> |
| Total Accumulated Depreciation | <u>(27,881,486)</u> | - | <u>(1,651,215)</u> | <u>44,769</u> | <u>(29,487,932)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>32,259,906</u> | <u>(179,145)</u> | <u>(1,251,859)</u> | <u>1,202,437</u> | <u>32,031,339</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 34,262,454</u> | <u>\$ (179,145)</u> | <u>\$ (123,202)</u> | <u>\$ -</u> | <u>\$ 33,960,107</u> |
| | Balance, July 1, 2011 | Increases | Decreases | Balance, June 30, 2012 | |
| Business-Type Activities: | | | | | |
| Capital Assets, Being Depreciated: | | | | | |
| Machinery and Equipment | \$ 275,593 | - | - | \$ 275,593 | |
| Total Capital Assets Being Depreciated | <u>275,593</u> | - | - | <u>275,593</u> | |
| Less Accumulated Depreciation for: | | | | | |
| Machinery and Equipment | (211,149) | \$ (12,732) | - | (223,881) | |
| Total Accumulated Depreciation | <u>(211,149)</u> | <u>(12,732)</u> | - | <u>(223,881)</u> | |
| Total Capital Assets, Being Depreciated, Net | <u>64,444</u> | <u>(12,732)</u> | - | <u>51,712</u> | |
| Business-Type Activities Capital Assets, Net | <u>\$ 64,444</u> | <u>\$ (12,732)</u> | <u>\$ -</u> | <u>\$ 51,712</u> | |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction

| | |
|-------------------|----------------|
| Regular | \$ 141,561 |
| Special | 3,064 |
| Other | 5,254 |
| Total Instruction | <u>149,879</u> |

Support Services

| | |
|-------------------------------------|------------------|
| Student and Instruction Related | 17,264 |
| General Administration | 4,754 |
| School Administration | 88,016 |
| Operations and Maintenance of Plant | 6,939 |
| Business/Central Services | <u>1,384,363</u> |
| Total Support Services | <u>1,501,336</u> |

| | |
|--|---------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,651,215</u> |
|--|---------------------|

Business-Type Activities:

| | |
|---|------------------|
| Food Service Fund | \$ 12,732 |
| Total Depreciation Expense-Business-Type Activities | <u>\$ 12,732</u> |

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------|-----------------------|---------------------|
| General Fund | Special Revenue Fund | \$ 168,069 |
| General Fund | Capital Projects Fund | 1,171,429 |
| Capital Projects Fund | Special Revenue Fund | 47,813 |
| Agency Fund | General Fund | 4,174 |
| Food Service Fund | General Fund | 68 |
| Private Purpose Trust Fund | General Fund | <u>1,585</u> |
| | | <u>\$ 1,393,138</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Due to/from other funds (Continued)

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year except for the amount due to General Fund from the Capital Projects Fund, which will be liquidated upon collection of outstanding capital grant receivables

Interfund transfers

| | <u>General Fund</u> | <u>Transfer In: Capital Projects Fund</u> | <u>Total</u> |
|-----------------------|---------------------|---|--------------|
| <u>Transfer Out:</u> | | | |
| General Fund | | \$ 826,000 | \$ 826,000 |
| Capital Projects Fund | \$ 24,433 | - | 24,433 |
| Total Transfers Out | \$ 24,433 | \$ 826,000 | \$ 850,433 |

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Capital Leases

The District is leasing computers under capital leases for terms of 5 and 4 years. The District is also leasing copiers totalling \$257,499. These leases are for terms of 3 years.

The capital assets acquired through capital leases are as follows:

| | |
|--------------------------------|------------------------------------|
| | <u>Governmental Activities</u> |
| Machinery and Equipment | \$ 257,499 |
| Less: Accumulated Depreciation | (90,080) |
| | \$ 167,419 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

| <u>Fiscal</u> <u>Year Ending June 30</u> | <u>Governmental</u> <u>Activities</u> |
|---|--|
| 2013 | \$ 97,530 |
| 2014 | 64,263 |
| 2015 | <u>18,621</u> |
| Total minimum lease payments | 180,414 |
| Less: amount representing interest | <u>(5,443)</u> |
| Present value of minimum lease payments | <u>\$ 174,971</u> |

F. Long-Term Debt

General Obligation Bonds

The District issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the District are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2012 are comprised of the following issues:

| | |
|--|---------------------|
| \$10,755,000, 2004 Refunding Bonds, due in annual installments of \$825,000 to \$860,000 through July 15, 2018, interest at 3.40% to 5.00% | \$5,890,000 |
| \$7,615,000, 2006 Refunding Bonds, due in annual installments of \$335,000 to \$915,000 through February 1, 2023, interest at 4.00% to 4.50% | 7,170,000 |
| \$7,230,000, 2008 Refunding Bonds, due in annual installments of \$575,000 to \$670,000 through August 1, 2021, interest at 4.25% to 5.00% | <u>6,335,000</u> |
| | <u>\$19,395,000</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

| Fiscal Year Ending <u>June 30,</u> | <u>Serial Bonds</u> | | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2013 | \$ 1,740,000 | \$ 807,305 | \$ 2,547,305 |
| 2014 | 1,815,000 | 726,555 | 2,541,555 |
| 2015 | 1,900,000 | 647,515 | 2,547,515 |
| 2016 | 1,980,000 | 567,375 | 2,547,375 |
| 2017 | 2,055,000 | 485,944 | 2,540,944 |
| 2018-2022 | 8,995,000 | 1,160,044 | 10,155,044 |
| 2023 | <u>910,000</u> | <u>36,400</u> | <u>946,400</u> |
| | <u>\$ 19,395,000</u> | <u>\$ 4,431,138</u> | <u>\$ 23,826,138</u> |

Statutory Borrowing Power

The District's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

| | |
|--|-----------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 208,476,565 |
| Less: Net Debt (Including Unfunded Authorizations) | <u>(19,395,000)</u> |
| Remaining Borrowing Power | <u>\$ 189,081,565</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

| | Balance, <u>July 1, 2011</u> | <u>Additions</u> | <u>Reductions</u> | Balance, <u>June 30, 2012</u> | Due Within <u>One Year</u> |
|--|---------------------------------|-------------------|---------------------|----------------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 21,060,000 | | \$ 1,665,000 | \$ 19,395,000 | \$ 1,740,000 |
| Add: Unamortized Premium | 662,148 | | 100,696 | 561,452 | |
| Less: | | | | | |
| Unamortized Amount on Refunding | <u>(610,720)</u> | <u>-</u> | <u>(94,539)</u> | <u>(516,181)</u> | <u>-</u> |
| Bonds Payable, Net | 21,111,428 | - | 1,671,157 | 19,440,271 | 1,740,000 |
| Capital Lease Payable | 148,137 | \$ 161,051 | 134,217 | 174,971 | 93,576 |
| Compensated Absences | <u>703,183</u> | <u>27,146</u> | <u>49,752</u> | <u>680,577</u> | <u>29,100</u> |
| Governmental activity Long-term liabilities | <u>\$ 21,962,748</u> | <u>\$ 188,197</u> | <u>\$ 1,855,126</u> | <u>\$ 20,295,819</u> | <u>\$ 1,862,676</u> |

For the governmental activities, the liability for compensated absences is liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The District has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Pooled Insurance Program. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

| <u>Fiscal Year Ended</u> | <u>Employer Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------------|-------------------------------|-------------------------------|--------------------------|-----------------------|
| 2012 | \$ 152,000 | \$ 58,473 | \$ 320,082 | \$ 247,130 |
| 2011 | 500,000 | 55,521 | 660,053 | 353,477 |
| 2010 | 440,000 | 74,162 | 180,543 | 454,357 |

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible District employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those District employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and TPAF and 5.5% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2012, 2011 and 2010 the District was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Year Ended <u>June 30,</u> | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|-------------------------------|-------------|--------------------------|-------------|
| 2012 | \$ 562,979 | \$ 947,679 | \$ 11,218 |
| 2011 | 524,863 | 90,773 | 3,206 |
| 2010 | 438,866 | 94,427 | |

During the previous two years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$947,679 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$90,773 and \$94,427, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,287,412 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education 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 sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$1,905,081, \$1,928,021 and \$1,773,474, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 PRIOR PERIOD ADJUSTMENT

The Governmental Activities Net Assets, Beginning of Year, has been adjusted by \$179,145 to reduce the Capital Asset valuations of District owned buildings.

BUDGETARY COMPARISON SCHEDULES

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|------------------|-------------------------|-------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 60,826,776 | | \$ 60,826,776 | \$ 60,826,776 | |
| Tuition-Intergovernmental | 27,576 | | 27,576 | 63,586 | \$ 36,010 |
| Transportation Fees from Individuals | 367,000 | | 367,000 | 357,742 | (9,258) |
| Interest Earned on Capital Reserve | 1 | | 1 | | (1) |
| Miscellaneous, including interest | 759,100 | - | 759,100 | 701,678 | (57,422) |
| Total Local Sources | <u>61,980,453</u> | <u>-</u> | <u>61,980,453</u> | <u>61,949,782</u> | <u>(30,671)</u> |
| State Sources | | | | | |
| Special Education Aid | 669,983 | | 669,983 | 1,308,699 | 638,716 |
| Extraordinary Aid | 100,000 | | 100,000 | 1,120,282 | 1,020,282 |
| Non Public Transportation Reimbursement | | | | 46,372 | 46,372 |
| On Behalf TPAF Contributions (Non-Budgeted) | | | | | |
| Pension Contribution | | | | 855,836 | 855,836 |
| Non Contributory Insurance | | | | 91,843 | 91,843 |
| Post Retirement Medical Contribution | | | | 1,905,081 | 1,905,081 |
| Social Security Contribution | - | - | - | 2,287,412 | 2,287,412 |
| Total State Sources | <u>769,983</u> | <u>-</u> | <u>769,983</u> | <u>7,615,525</u> | <u>6,845,542</u> |
| Federal Sources | | | | | |
| Education Jobs Fund | 106,747 | \$ 3,344 | 110,091 | 110,091 | - |
| Total Federal Sources | <u>106,747</u> | <u>3,344</u> | <u>110,091</u> | <u>110,091</u> | <u>-</u> |
| Total Revenues | <u>62,857,183</u> | <u>3,344</u> | <u>62,860,527</u> | <u>69,675,398</u> | <u>6,814,871</u> |
| EXPENDITURES | | | | | |
| CURRENT | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Kindergarten | 1,073,624 | (5,992) | 1,067,632 | 1,067,632 | |
| Grades 1-5 | 6,976,255 | (90,445) | 6,885,810 | 6,786,809 | 99,001 |
| Grades 6-8 | 4,593,527 | (45,933) | 4,547,594 | 4,506,033 | 41,561 |
| Grades 9-12 | 7,160,878 | (111,499) | 7,049,379 | 6,923,533 | 125,846 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 20,000 | (2,640) | 17,360 | 17,360 | |
| Purchased Professional/Educational Services | 15,000 | | 15,000 | 14,898 | 102 |
| General Supplies | 500 | | 500 | | 500 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 39,973 | 45,846 | 85,819 | 85,817 | 2 |
| Purchased Technical Services | 146,350 | (35,000) | 111,350 | 101,782 | 9,568 |
| Other Purchased Services | 445,063 | (138,500) | 306,563 | 270,548 | 36,015 |
| General Supplies | 637,027 | 65,124 | 702,151 | 595,141 | 107,010 |
| Textbooks | 95,010 | (1,379) | 93,631 | 90,197 | 3,434 |
| Other Objects | 9,350 | 212 | 9,562 | 2,462 | 7,100 |
| Total Regular Programs | <u>21,212,557</u> | <u>(320,206)</u> | <u>20,892,351</u> | <u>20,462,212</u> | <u>430,139</u> |
| Special Education | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | 586,122 | (100,000) | 486,122 | 481,252 | 4,870 |
| Other Salaries for Instruction | 355,784 | (61,247) | 294,537 | 293,223 | 1,314 |
| Other Purchased Services | 12,000 | | 12,000 | 11,055 | 945 |
| General Supplies | 4,000 | 896 | 4,896 | 4,575 | 321 |
| Textbooks | 1,000 | (1,000) | | | |
| Special Education - Behavioral Disabilities Instruction | 146,955 | 18,584 | 165,539 | 163,900 | 1,639 |
| Other Salaries of Instruction | 38,024 | 3,108 | 41,132 | 41,022 | 110 |
| General Supplies | - | 42 | 42 | 42 | - |
| Total Learning and/or Language Disabilities | <u>1,143,885</u> | <u>(139,617)</u> | <u>1,004,268</u> | <u>995,069</u> | <u>9,199</u> |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | \$ 3,455,766 | \$ 28,277 | \$ 3,484,043 | \$ 3,480,850 | \$ 3,193 |
| Other Salaries for Instruction | 414,775 | 87,213 | 501,988 | 499,918 | 2,070 |
| General Supplies | 17,750 | 1,000 | 18,750 | 8,760 | 9,990 |
| Textbooks | 10,500 | - | 10,500 | 1,710 | 8,790 |
| Total Resource Room | <u>3,898,791</u> | <u>116,490</u> | <u>4,015,281</u> | <u>3,991,238</u> | <u>24,043</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| EXPENDITURES | Original Budget | Transfers | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|------------------|-------------------|-------------------|--|
| CURRENT | | | | | |
| Special Education (Continued) | | | | | |
| Preschool Disabilities - Part-Time | | | | | |
| Salaries of Teachers | \$ 126,926 | | \$ 126,926 | \$ 125,670 | \$ 1,256 |
| Other Salaries for Instruction | 81,408 | \$ 36,979 | 118,387 | 117,865 | 522 |
| General Supplies | 1,500 | - | 1,500 | 778 | 722 |
| Total Preschool Disabilities - Part-Time | 209,834 | 36,979 | 246,813 | 244,313 | 2,500 |
| Home Instruction | | | | | |
| Other Salaries for Instruction | 20,000 | 7,980 | 27,980 | 27,980 | |
| Purchased Professional/Educational Services | 50,000 | 23,640 | 73,640 | 61,960 | 11,680 |
| General Supplies | 500 | (450) | 50 | - | 50 |
| Total Home Instruction | 70,500 | 31,170 | 101,670 | 89,940 | 11,730 |
| Total Special Education | 5,323,010 | 45,022 | 5,368,032 | 5,320,560 | 47,472 |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | 572,510 | 98,996 | 671,506 | 655,801 | 15,705 |
| General Supplies | 2,800 | - | 2,800 | 877 | 1,923 |
| Total Basic Skills/Remedial | 575,310 | 98,996 | 674,306 | 656,678 | 17,628 |
| Bilingual Education | | | | | |
| Salaries of Teachers | 166,607 | (11,000) | 155,607 | 153,634 | 1,973 |
| Total Bilingual Education | 166,607 | (11,000) | 155,607 | 153,634 | 1,973 |
| School Sponsored Co-Curricular Activities | | | | | |
| Salaries | 314,088 | 8,393 | 322,481 | 317,625 | 4,856 |
| Purchased Services | 30,525 | 3,317 | 33,842 | 31,657 | 2,185 |
| Supplies and Materials | 19,900 | (1,500) | 18,400 | 11,092 | 7,308 |
| Other Objects | 48,500 | 6,721 | 55,221 | 52,450 | 2,771 |
| Total School Sponsored Co-Curricular Activities | 413,013 | 16,931 | 429,944 | 412,824 | 17,120 |
| School Sponsored Athletics - Instruction | | | | | |
| Salaries | 620,815 | 34,851 | 655,666 | 648,251 | 7,415 |
| Purchased Services | 150,364 | 24,265 | 174,629 | 152,243 | 22,386 |
| Supplies and Materials | 71,000 | (432) | 70,568 | 68,008 | 2,560 |
| Other Objects | 20,000 | 725 | 20,725 | 18,815 | 1,910 |
| Total School Sponsored Athletics - Instruction | 862,179 | 59,409 | 921,588 | 887,317 | 34,271 |
| Total - Instruction | 28,552,676 | (110,848) | 28,441,828 | 27,893,225 | 548,603 |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition LEA's within State - Special | 740,449 | 12,551 | 753,000 | 753,000 | |
| Tuition to County Vocational School District-Reg. | 81,344 | 45,835 | 127,179 | 127,178 | 1 |
| Tuition to County Vocational School District-Spec. | 19,666 | (2,459) | 17,207 | 17,207 | |
| Tuition to Private Schools - Disabled w/i State | 1,060,826 | 396,356 | 1,457,182 | 1,457,181 | 1 |
| Tuition to Private Schools - Disabled O/of State | - | 86,394 | 86,394 | 86,394 | - |
| Total Undistributed Expenditures - Instruction | 1,902,285 | 538,677 | 2,440,962 | 2,440,960 | 2 |
| Attendance and Social Work Services | | | | | |
| Salaries | 79,642 | - | 79,642 | 75,364 | 4,278 |
| Health Services | | | | | |
| Salaries | 635,100 | 21,168 | 656,268 | 656,268 | |
| Purchased Professional and Technical Services | 30,501 | 436 | 30,937 | 30,937 | |
| Supplies and Materials | 9,252 | 111 | 9,363 | 7,718 | 1,645 |
| Total Health Services | 674,853 | 21,715 | 696,568 | 694,923 | 1,645 |
| Speech, OT, PT and Related Services | | | | | |
| Salaries | 1,028,656 | (73,011) | 955,645 | 944,795 | 10,850 |
| Purchased Professional/Educational Services | 570,000 | (14,239) | 555,761 | 513,759 | 42,002 |
| Supplies and Materials | 9,500 | (503) | 8,997 | 8,170 | 827 |
| Total Speech, OT, PT and Related Services | 1,608,156 | (87,753) | 1,520,403 | 1,466,724 | 53,679 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|------------------|-------------------------|------------------|---|
| EXPENDITURES | | | | | |
| CURRENT | | | | | |
| Special Education (Continued) | | | | | |
| Other Support Services - Students - Extra.Serv. Salaries | \$ 262,145 | \$ 117,894 | \$ 380,039 | \$ 379,480 | \$ 559 |
| Total Other Support Services - Students - Extra Services | <u>262,145</u> | <u>117,894</u> | <u>380,039</u> | <u>379,480</u> | <u>559</u> |
| Guidance | | | | | |
| Salaries of Other Professional Staff | 1,225,501 | (1,271) | 1,224,230 | 1,216,428 | 7,802 |
| Salaries of Secretarial and Clerical Assistants | 113,509 | | 113,509 | 110,164 | 3,345 |
| Other Purchased Prof. and Technical Services | 26,000 | | 26,000 | 22,477 | 3,523 |
| Other Purchased Services | 5,048 | 1,371 | 6,419 | 5,889 | 530 |
| Supplies and Materials | 49,750 | (16,720) | 33,030 | 21,801 | 11,229 |
| Other Objects | 4,200 | - | 4,200 | 1,320 | 2,880 |
| Total Guidance | <u>1,424,008</u> | <u>(16,620)</u> | <u>1,407,388</u> | <u>1,378,079</u> | <u>29,309</u> |
| Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 1,462,134 | (1,705) | 1,460,429 | 1,442,642 | 17,787 |
| Salaries of Secretarial and Clerical Assistants | 148,606 | (16,139) | 132,467 | 131,734 | 733 |
| Other Purchased Prof. and Technical Services | 40,500 | 7,996 | 48,496 | 36,765 | 11,731 |
| Miscellaneous Purchased Services | 16,782 | 1,962 | 18,744 | 15,951 | 2,793 |
| Supplies and Materials | 15,500 | (1,500) | 14,000 | 12,107 | 1,893 |
| Dues & Fees | 22,200 | - | 22,200 | 21,709 | 491 |
| Total Child Study Teams | <u>1,705,722</u> | <u>(9,386)</u> | <u>1,696,336</u> | <u>1,660,908</u> | <u>35,428</u> |
| Improvement of Instructional Services | | | | | |
| Salaries of Supervisors of Instruction | 600,995 | 22,428 | 623,423 | 623,422 | 1 |
| Other Salaries | 7,800 | 5,400 | 13,200 | 13,200 | |
| Other Purchased Services | 13,157 | (1,896) | 11,261 | 9,922 | 1,339 |
| Supplies and Materials | | | | | |
| Other Purchased Services | - | 3,350 | 3,350 | 3,239 | 111 |
| Total Improvement of Instruction Services | <u>621,952</u> | <u>29,282</u> | <u>651,234</u> | <u>649,783</u> | <u>1,451</u> |
| Educational Media Services/School Library | | | | | |
| Salaries | 517,620 | | 517,620 | 512,495 | 5,125 |
| Purchased Professional/Technical Services | 4,500 | (868) | 3,632 | 3,632 | |
| Other Purchased Services | 16,638 | 3,754 | 20,392 | 20,391 | 1 |
| Supplies and Materials | 12,200 | 2,168 | 14,368 | 10,095 | 4,273 |
| Total Educational Media Services/School Library | <u>550,958</u> | <u>5,054</u> | <u>556,012</u> | <u>546,613</u> | <u>9,399</u> |
| Instructional Staff Training Services | | | | | |
| Other Salaries | 500 | 9,386 | 9,886 | 9,886 | |
| Purchased Professional -Education Services | 50,000 | (31,433) | 18,567 | 1,565 | 17,002 |
| Supplies and Materials | - | 50 | 50 | 50 | - |
| Total Instructional Staff Training Services | <u>50,500</u> | <u>(21,997)</u> | <u>28,503</u> | <u>11,501</u> | <u>17,002</u> |
| Support Services General Administration | | | | | |
| Salaries | 528,042 | (4,800) | 523,242 | 518,781 | 4,461 |
| Legal Services | 307,500 | (5,556) | 301,944 | 264,402 | 37,542 |
| Audit Fees | 37,000 | 1,278 | 38,278 | 35,333 | 2,945 |
| Architectural/Engineering Services | | 32,170 | 32,170 | 31,145 | 1,025 |
| Other Purchased Professional Services | 40,590 | (24,000) | 16,590 | 16,154 | 436 |
| Rentals | 7,186 | | 7,186 | 7,061 | 125 |
| Communications/Telephone | 316,250 | 6,903 | 323,153 | 288,726 | 34,427 |
| Other Purchased Services | 6,000 | 882 | 6,882 | 4,016 | 2,866 |
| Other Purchased Services | 8,523 | 5,007 | 13,530 | 7,098 | 6,432 |
| General Supplies | 10,500 | (305) | 10,195 | 5,019 | 5,176 |
| BOE In-House Training/Meeting Supplies | 1,500 | | 1,500 | 1,500 | |
| Judgements Against the School District | 25,000 | 158,898 | 183,898 | 152,503 | 31,395 |
| Miscellaneous Expenditures | 23,700 | (12,920) | 10,780 | 6,888 | 3,892 |
| BOE Membership Dues and Fees | 31,750 | - | 31,750 | 29,635 | 2,115 |
| Total Support Services General Administration | <u>1,343,541</u> | <u>157,557</u> | <u>1,501,098</u> | <u>1,366,761</u> | <u>134,337</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| EXPENDITURES | Original Budget | Transfers | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------|------------------|--|
| CURRENT | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Support Services School Administration | | | | | |
| Salaries of Principals/Asst. Principals | \$ 1,491,092 | \$ (80,000) | \$ 1,411,092 | \$ 1,405,588 | \$ 5,504 |
| Salaries of Secretarial and Clerical Assistants | 552,412 | 6,573 | 558,985 | 540,567 | 18,418 |
| Purchased Prof. and Tech. Services | 2,250 | 2,720 | 4,970 | 3,751 | 1,219 |
| Other Purchased Services | 46,280 | 4,372 | 50,652 | 33,614 | 17,038 |
| Supplies and Materials | 124,302 | 2,232 | 126,534 | 92,713 | 33,821 |
| Other Objects | 23,400 | - | 23,400 | 10,584 | 12,816 |
| Total Support Services School Administration | 2,239,736 | (64,103) | 2,175,633 | 2,086,817 | 88,816 |
| Central Services | | | | | |
| Salaries | 456,244 | 5,060 | 461,304 | 457,728 | 3,576 |
| Purchased Professional Services | 1,100 | 260 | 1,360 | 1,360 | |
| Purchased Technical Services | 43,110 | | 43,110 | 42,544 | 566 |
| Misc. Purchased Services | 51,028 | 3,345 | 54,373 | 37,848 | 16,525 |
| Supplies and Materials | 19,500 | (995) | 18,505 | 17,063 | 1,442 |
| Miscellaneous Expenditures | 3,100 | - | 3,100 | 1,921 | 1,179 |
| Total Central Services | 574,082 | 7,670 | 581,752 | 558,464 | 23,288 |
| Admin. Info. Tech. | | | | | |
| Salaries | 319,916 | (28,902) | 291,014 | 274,712 | 16,302 |
| Purchased Technical Services | 63,000 | (10,250) | 52,750 | 52,463 | 287 |
| Other Purchased Services | 604 | 870 | 1,474 | 877 | 597 |
| Supplies and Materials | 8,550 | 11,225 | 19,775 | 18,817 | 958 |
| Total Admin. Info. Tech. | 392,070 | (27,057) | 365,013 | 346,869 | 18,144 |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 563,028 | (38,330) | 524,698 | 521,535 | 3,163 |
| Cleaning, Repair and Maintenance Services | 289,000 | 13,039 | 302,039 | 276,006 | 26,033 |
| General Supplies | 187,500 | (54,683) | 132,817 | 115,937 | 16,880 |
| Other Objects | 4,000 | - | 4,000 | - | 4,000 |
| Total Required Maint. For School Facilities | 1,043,528 | (79,974) | 963,554 | 913,478 | 50,076 |
| Custodial Services | | | | | |
| Salaries | 376,091 | (832) | 375,259 | 313,841 | 61,418 |
| Purchased Professional and Technical Services | 1,373,935 | 12,304 | 1,386,239 | 1,249,346 | 136,893 |
| Cleaning, Repair and Maintenance Services | 184,400 | 4,512 | 188,912 | 171,242 | 17,670 |
| Rental of Land and Bldg. Oth. Than Lease Purchase | 10,001 | | 10,001 | 10,000 | 1 |
| Other Purchased Property Services | 57,150 | 342 | 57,492 | 49,818 | 7,674 |
| Insurance | 196,100 | | 196,100 | 196,100 | |
| Miscellaneous Purchased Services | 23,300 | 220 | 23,520 | 21,483 | 2,037 |
| General Supplies | 160,000 | 17,877 | 177,877 | 167,366 | 10,511 |
| Energy (Gas) | 470,000 | (201,300) | 268,700 | 224,206 | 44,494 |
| Energy (Electricity) | 880,000 | 69,379 | 949,379 | 832,358 | 117,021 |
| Other Objects | 1,000 | - | 1,000 | 485 | 515 |
| Total Custodial Services | 3,731,977 | (97,498) | 3,634,479 | 3,236,245 | 398,234 |
| Student Transportation Services | | | | | |
| Sal. Pupil Trans (Between Home and School) - Reg. | 48,900 | | 48,900 | 48,416 | 484 |
| Management Fee - ESC Transp. Prog. | 4,000 | | 4,000 | 2,912 | 1,088 |
| Contracted Services - Aid In Lieu of Payment for Non-public School Students | 203,320 | \$ (2,216) | 201,104 | 193,941 | 7,163 |
| Contracted Services (Between Home and School) - Vendors | 1,914,769 | (15,554) | 1,899,215 | 1,887,106 | 12,109 |
| Contracted Services (Other Than Between Home and School) - Vendors | 265,993 | 21,809 | 287,802 | 282,994 | 4,808 |
| Contracted Services (Special Education Students)- Vendors | 1,013,759 | (85,684) | 928,075 | 928,074 | 1 |
| Contracted Services (Special Education Students)- Joint Agreements | 2,448 | | 2,448 | 1,430 | 1,018 |
| Misc. Purchased Svc. - Transportation | 3,000 | | 3,000 | 3,000 | |
| Other Objects | 250 | 6,770 | 7,020 | 6,212 | 808 |
| Total Student Transportation Services | 3,456,439 | (74,875) | 3,381,564 | 3,354,085 | 27,479 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|------------------|-------------------------|-------------------|---|
| EXPENDITURES | | | | | |
| CURRENT | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Unallocated Benefits - Employee Benefits | | | | | |
| Social Security Contributions | \$ 655,648 | \$ (136,706) | \$ 518,942 | \$ 487,011 | \$ 31,931 |
| Other Retirement Contribution | 359,750 | 214,447 | 574,197 | 574,197 | |
| Unemployment Compensation | 160,000 | 6,608 | 166,608 | 166,607 | 1 |
| Workmen's Compensation | 325,000 | (50,334) | 274,666 | 274,067 | 599 |
| Health Benefits | 11,039,269 | (12,095) | 11,027,174 | 9,077,867 | 1,949,307 |
| Tuition Reimbursement | 227,500 | 44,042 | 271,542 | 223,076 | 48,466 |
| Other Employee Benefits | 23,500 | 31,221 | 54,721 | 49,752 | 4,969 |
| Total Unallocated Benefits | 12,790,667 | 97,183 | 12,887,850 | 10,852,577 | 2,035,273 |
| On Behalf TPAF Payments (Non-Budgeted) | | | | | |
| Pension Contribution | | | | 855,836 | (855,836) |
| Non Contributory Insurance | | | | 91,843 | (91,843) |
| Post Retirement Medical Contribution | | | | 1,905,081 | (1,905,081) |
| Social Security Contribution | - | - | - | 2,287,412 | (2,287,412) |
| Total On-Behalf Payments | - | - | - | 5,140,172 | (5,140,172) |
| Total Undistributed Expenditures | 34,452,261 | 495,769 | 34,948,030 | 37,159,803 | (2,211,773) |
| Total - Current Expenditures | 63,004,937 | 384,921 | 63,389,858 | 65,053,028 | (1,663,170) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| School Sponsored Co-Curricular Activities | | 6,323 | 6,323 | 6,323 | |
| Undistributed Expenditures | | | | | |
| School Administration | 127,000 | 9,627 | 136,627 | 136,627 | |
| Required Maintenance for School Facilities | 47,000 | 53,900 | 100,900 | 100,837 | 63 |
| Total Equipment | 174,000 | 69,850 | 243,850 | 243,787 | 63 |
| Facilities Acquisition and Construction Services | | | | | |
| Other Purchased Professional and Technical Services | | 12,265 | 12,265 | 12,243 | 22 |
| Supplies and Materials | | 2,200 | 2,200 | 2,120 | 80 |
| Other Objects | 22,618 | - | 22,618 | 22,618 | - |
| Total Facilities Acquisition and Construction Services | 22,618 | 14,465 | 37,083 | 36,981 | 102 |
| Assets Acquired Under Capital Leases (Non-Budget) | | | | | |
| | - | - | - | 161,051 | (161,051) |
| Interest Deposit to Capital Reserve | | | | | |
| | 1 | - | 1 | - | 1 |
| Total Capital Outlay | 196,619 | 84,315 | 280,934 | 441,819 | (160,885) |
| Transfer to Charter Schools | 85,472 | 23,527 | 108,999 | 108,999 | - |
| Total Expenditures - General Fund | 63,287,028 | 492,763 | 63,779,791 | 65,603,846 | (1,824,055) |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | (429,845) | (489,419) | (919,264) | 4,071,552 | 4,990,816 |
| Other Financing Sources | | | | | |
| Capital Outlay Transfer to Capital Projects | (826,000) | - | (826,000) | (826,000) | |
| Capital Lease Proceeds | | | | 161,051 | 161,051 |
| Operating Transfers In | - | - | - | 24,433 | 24,433 |
| Total Other Financing Sources | (826,000) | - | (826,000) | (640,516) | 185,484 |

(Continued)

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|---------------------|-------------------------|---------------------|---|
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources | \$ (1,255,845) | \$ (489,419) | \$ (1,745,264) | \$ 3,431,036 | \$ 5,176,300 |
| Fund Balances, Beginning of Year | <u>5,623,485</u> | <u>-</u> | <u>5,623,485</u> | <u>5,623,485</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 4,367,640</u> | <u>\$ (489,419)</u> | <u>\$ 3,878,221</u> | <u>\$ 9,054,521</u> | <u>\$ 5,176,300</u> |
| Recapitulation of Fund Balance: | | | | | |
| Capital Reserve | | | | \$ 2,193,829 | |
| Maintenance Reserve | | | | 1,000,000 | |
| Excess Surplus- Designated for Subsequent Year's Budget | | | | 1,392,975 | |
| Excess Surplus | | | | 1,202,169 | |
| Encumbrances | | | | 44,951 | |
| Designated for Subsequent Year's Budget | | | | 719,571 | |
| Capital Reserve - Designated for Subsequent Year's Budget | | | | 211,800 | |
| Unassigned | | | | <u>2,289,226</u> | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | 9,054,521 | |
| Less: State Aid Not Recognized on GAAP Basis | | | | | |
| Delayed State Aid | | | \$ (107,756) | | |
| Extraordinary Aid | | | <u>(1,120,282)</u> | | |
| | | | | <u>(1,228,038)</u> | |
| Fund Balance Per Governmental Funds (GAAP) | | | | <u>\$ 7,826,483</u> | |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 COMBINING BUDGETARY COMPARISON SCHEDULE
 EDUCATION JOBS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|---|
| REVENUES: | | | | | |
| Federal Sources | | | | | |
| Education Jobs Fund | \$ 106,747 | \$ 3,344 | \$ 110,091 | \$ 110,091 | - |
| Total Revenues | <u>106,747</u> | <u>3,344</u> | <u>110,091</u> | <u>110,091</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Current Expenses | | | | | |
| Undistributed Expenditures | | | | | |
| Custodial Services | <u>106,747</u> | <u>3,344</u> | <u>110,091</u> | <u>110,091</u> | <u>-</u> |
| Salaries | | | | | |
| Total Custodial Services | <u>106,747</u> | <u>3,344</u> | <u>110,091</u> | <u>110,091</u> | <u>-</u> |
| Total Undistributed Expenditures | <u>106,747</u> | <u>3,344</u> | <u>110,091</u> | <u>110,091</u> | <u>-</u> |
| Total Expenditures | <u>106,747</u> | <u>3,344</u> | <u>110,091</u> | <u>110,091</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES | | | | | |
| Local Sources | | \$ 58,055 | \$ 58,055 | \$ 17,825 | \$ (40,230) |
| State Sources | \$ 121,500 | (18,601) | 102,899 | 91,534 | (11,365) |
| Federal Sources | 985,174 | 755,528 | 1,740,702 | 1,543,606 | (197,096) |
| Total Revenues | <u>1,106,674</u> | <u>794,982</u> | <u>1,901,656</u> | <u>1,652,965</u> | <u>(248,691)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 203,685 | (1,586) | 202,099 | 198,874 | 3,225 |
| Purchased Professional Services | 22,500 | (22,000) | 500 | | 500 |
| Other Purchased Services | | 14,505 | 14,505 | 9,452 | 5,053 |
| Tuition | 674,000 | 182,529 | 856,529 | 856,527 | 2 |
| General Supplies | 9,647 | 318,036 | 327,683 | 237,947 | 89,736 |
| Textbooks | 25,500 | 15,960 | 41,460 | 22,152 | 19,308 |
| Other Objects | - | 61 | 61 | - | 61 |
| Total Instruction | <u>935,332</u> | <u>507,505</u> | <u>1,442,837</u> | <u>1,324,952</u> | <u>117,885</u> |
| Support Services | | | | | |
| Personal Services - Employee Benefits | 20,196 | 33,488 | 53,684 | 53,684 | |
| Purchased Prof./Educational Services | 60,700 | 49,526 | 110,226 | 78,932 | 31,294 |
| Other Purchased Services | 48,600 | 47,568 | 96,168 | 88,686 | 7,482 |
| Travel | 41,846 | 40,224 | 82,070 | 15,387 | 66,683 |
| Supplies and Materials | - | 97,503 | 97,503 | 85,292 | 12,211 |
| Total Support Services | <u>171,342</u> | <u>268,309</u> | <u>439,651</u> | <u>321,981</u> | <u>117,670</u> |
| Facilities and Acquisition Construction Svcs. | | | | | |
| Equipment - Non Instructional | - | 19,168 | 19,168 | 6,032 | 13,136 |
| Total Facilities and Acquisition Construction Svcs. | <u>-</u> | <u>19,168</u> | <u>19,168</u> | <u>6,032</u> | <u>13,136</u> |
| Total Expenditures | <u>1,106,674</u> | <u>794,982</u> | <u>1,901,656</u> | <u>1,652,965</u> | <u>248,691</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | - | - |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | |
|---|-------------------------|-------------------------------------|--|
| Sources/Inflows of Resources | | | |
| Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2) | \$ 69,675,398 | \$ 1,652,965 | |
| Difference - Budget to GAAP | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | | |
| Encumbrances, June 30, 2011 | | 3,499 | |
| 2011/12 State Aid recognized for budgetary purposes, not recognized for GAAP statements | (1,228,038) | | |
| 2010/11 State Aid recognized for GAAP purposes, not recognized for budgetary statements | <u>733,760</u> | <u>-</u> | |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2) | <u>\$ 69,181,120</u> | <u>\$ 1,656,464</u> | |
| Uses/Outflows of Resources | | | |
| Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2) | \$ 65,603,846 | \$ 1,652,965 | |
| Differences - Budget to GAAP | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes | | | |
| Encumbrances, June 30, 2011 | <u>-</u> | <u>3,499</u> | |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2) | <u>\$ 65,603,846</u> | <u>\$ 1,656,464</u> | |

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
BUDGETARY BASIS**

| | NCLB | | | | IDEA, Part B | | ARRA | | Total Page 2 | Total |
|--|--------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------------|------------------|---------------|-----------------|----------------|
| | Title I 2011-12 | Title II-A 2011-12 | Title II-D 2011-12 | Title II-D 2010-11 | Title III 2011-12 | Title IV 2010-11 | Basic 2011-12 | 2010-11 | | |
| REVENUES | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| State | 141,336 | 93,204 | 252 | 195 | 13,694 | 8,278 | 817,860 | 46,144 | 9,779 | 91,534 |
| Federal | - | - | - | - | - | - | - | - | - | 214,826 |
| Other | - | - | - | - | - | - | - | - | - | 17,825 |
| Total Revenues | 141,336 | 93,204 | 252 | 195 | 13,694 | 8,278 | 817,860 | 46,144 | 9,779 | 324,185 |
| EXPENDITURES | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Salaries of Teachers | 81,600 | | | | | | 4,000 | | | 113,274 |
| Other Purchased Services | 4,172 | | | | | | | 46,144 | | 5,280 |
| Tuition | | | | | | | 781,821 | | | 856,527 |
| General Supplies | 25,147 | 20,731 | 252 | | 12,694 | 1,929 | 3,344 | | 9,779 | 50,037 |
| Textbooks | | | | | | | | | | 22,152 |
| Total Instruction | 110,919 | 20,731 | 252 | | 12,694 | 1,929 | 789,165 | 46,144 | 9,779 | 190,743 |
| Support Services | | | | | | | | | | |
| Personal Services Employee-Benefits | 14,640 | | | | | | | | | 39,044 |
| Purchased Prof./Fed. Serv. | 6,158 | 13,632 | | 195 | | 3,295 | 23,270 | | | 25,694 |
| Other Purchased Services | | 26,439 | | | 930 | 3,054 | | | | 78,932 |
| Travel | 229 | 11,679 | | | 70 | | | | | 88,686 |
| Supplies and Materials | 9,390 | 20,723 | | | | | 5,425 | | | 3,409 |
| Total Support Services | 30,417 | 72,473 | | | 1,000 | 6,349 | 28,695 | | | 1,000 |
| Facilities and Acquisition Construction Svcs. Equipment - Non Instructional | | | | | | | | | | 6,032 |
| Total Facilities and Acquisition Constr | | | | | | | | | | 6,032 |
| Total Expenditures | 141,336 | 93,204 | 252 | 195 | 13,694 | 8,278 | 817,860 | 46,144 | 9,779 | 324,185 |
| Excess of Revenues Over Expenditures | | | | | | | | | | |
| Fund Balance, Beginning of Year | | | | | | | | | | |
| Fund Balance, End of Year | | | | | | | | | | |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | FLAP Grant 2011-12 | FLAP Grant 2010-11 | Nonpublic Auxiliary Services | | | | Nonpublic Handicapped Services | | | Other Local Programs | Total Page 2 |
|--|--------------------|--------------------|------------------------------|---------------|--------------|---------------|--------------------------------|----------------|-------------------|----------------------|----------------|
| | | | NJ Nonpublic Aid Nursing | Textbooks | Comp. Ed. | ESL | Home Instruction | Exam and Class | Corrective Speech | | |
| REVENUES | | | | | | | | | | | |
| Inergovernmental | | | | | | | | | | | |
| State | \$ 212,765 | \$ 2,061 | \$ 17,402 | \$ 14,117 | \$ 3,362 | \$ 1,218 | \$ 11,915 | \$ 10,109 | \$ 7,717 | \$ 17,825 | \$ 91,534 |
| Federal | | | | | | | | | | | 214,826 |
| Other | | | | | | | | | | | 17,825 |
| Total Revenues | 212,765 | 2,061 | 17,402 | 14,117 | 3,362 | 1,218 | 11,915 | 10,109 | 7,717 | 17,825 | 324,185 |
| EXPENDITURES | | | | | | | | | | | |
| Instruction | | | | | | | | | | | |
| Salaries of Teachers | 111,074 | | | | | | | | | | 113,274 |
| Purchased Professional Services | | | | | | | | | | | |
| Other Purchased Services | | | | | | | | | | | 5,280 |
| Tuition | 44,260 | | | | | | | | | | |
| General Supplies | 4,750 | | 17,402 | | | | | | | 5,777 | 50,037 |
| Textbooks | | | | | | | | | | | 22,152 |
| Total Instruction | 160,084 | | 17,402 | | | | | | | 13,257 | 190,743 |
| Support Services | | | | | | | | | | | |
| Salaries | 38,876 | | | | | | | | | 168 | 39,044 |
| Personal Services - Employee Benefits | | | | | | | | | | | 25,694 |
| Purchased Prof. and Ed. Serv. | 4,364 | 2,061 | 14,117 | 3,362 | 1,218 | | 11,915 | 10,109 | 7,717 | 3,400 | 58,263 |
| Other Purchased Services | 3,409 | | | | | | | | | | 3,409 |
| Travel | | | | | | | | | | | |
| Supplies and Materials | | | | | | | | | | 1,000 | 1,000 |
| Total Support Services | 46,649 | 2,061 | 14,117 | 3,362 | 1,218 | 11,915 | 10,109 | 7,717 | 4,568 | 1,000 | 127,410 |
| Facilities and Acquisition Construction Svcs. | | | | | | | | | | | |
| Equipment - Non Instructional | 6,032 | | | | | | | | | | 6,032 |
| Total Facilities and Acquisition Construction Svcs. | 6,032 | | | | | | | | | | 6,032 |
| Total Expenditures | 212,765 | 2,061 | 17,402 | 14,117 | 3,362 | 1,218 | 11,915 | 10,109 | 7,717 | 17,825 | 324,185 |
| Excess of Revenues Over Expenditures | | | | | | | | | | | |
| Fund Balance, Beginning of Year | | | | | | | | | | | |
| Fund Balance, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| <u>Project Description</u> | <u>Appropriation</u> | <u>Transfers</u> | <u>Expenditures to Date</u> | | <u>Cancelled</u> | <u>Balance June 30, 2012</u> |
|--|----------------------|------------------|-----------------------------|---------------------|------------------|----------------------------------|
| | | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Improvements to Montville High School | \$ 22,580,000 | | \$ 21,463,571 | \$ 90,714 | | \$ 1,025,715 |
| Middle School Classroom Conversion | 1,070,565 | | 659,423 | | | 411,142 |
| Cedar Hill School Boiler Replacement | 429,986 | | 268,015 | | | 161,971 |
| Security System Upgrade | | | | | | |
| Montville High School | 189,146 | | 137,973 | 49,960 | | 1,213 |
| Cedar Hill Elementary School | 124,260 | | 90,641 | 32,822 | | 797 |
| Robert R. Lazar Middle School | 127,170 | | 92,764 | 33,590 | | 816 |
| Hilldale Elementary School | 113,087 | | 82,490 | 29,870 | | 727 |
| Valley View Elementary School | 119,958 | | 87,503 | 31,685 | | 770 |
| William H. Mason, Jr. Elementary School | 107,013 | | 78,061 | 28,266 | | 686 |
| Woodmont Elementary School | 114,271 | | 83,355 | 30,183 | | 733 |
| Robert R. Lazar Middle School Roof Replacement | 787,213 | | 632,245 | 214 | | 154,754 |
| Hilldale Elementary School Roof Replacement | 742,381 | | 570,192 | 36 | | 172,153 |
| William Mason Steel Beam Replacement | 301,700 | \$ 57,569 | | 359,269 | | |
| Woodmont Roof Replacement | <u>524,300</u> | <u>(57,569)</u> | <u>-</u> | <u>442,298</u> | <u>\$ 24,433</u> | <u>-</u> |
| | <u>\$ 27,331,050</u> | <u>\$ -</u> | <u>\$ 24,246,233</u> | <u>\$ 1,128,907</u> | <u>\$ 24,433</u> | <u>\$ 1,931,477</u> |
| Project Balances, June 30, 2012 | | | | | | \$ 1,931,477 |
| Less: | | | | | | |
| Unfunded Local Share | | | | | | <u>(517,437)</u> |
| Fund Balance, June 30, 2012 (Budgetary Basis) | | | | | | <u>\$ 1,414,040</u> |
| Recapitulation of Budgetary Fund Balance: | | | | | | |
| Restricted for Capital Projects | | | | | | |
| Year End Encumbrances | | | | | | \$ 10,445 |
| Available for Capital Projects | | | | | | <u>1,403,595</u> |
| | | | | | | <u>\$ 1,414,040</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | |
|---|---------------------|
| Revenues and Other Financing Sources | |
| Transfers from Capital Outlay | \$ <u>826,000</u> |
| Total Revenues and Other Financing Sources | <u>826,000</u> |
| Expenditures and Other Financing Uses | |
| Legal Services | 752 |
| Purchased Professional and Technical Services | 68,145 |
| Construction Services | 1,060,010 |
| Transfer to General Fund | <u>24,433</u> |
| Total Expenditures and Other Financing Uses | <u>1,153,340</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (327,340) |
| Fund Balance July 1, 2011 | <u>1,741,380</u> |
| Fund Balance June 30, 2012 | <u>\$ 1,414,040</u> |
| Reconciliation to Governmental Funds Statements (GAAP): | |
| Fund Balance, Budgetary Basis | \$ 1,414,040 |
| Less: Deferred Revenue - SDA Grants | <u>(730,562)</u> |
| Fund Balance Per Governmental Funds (GAAP) | <u>\$ 683,478</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
IMPROVEMENTS TO MONTVILLE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|-------------------------|------------------------|-------------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 4,187,687 | | \$ 4,187,687 | \$ 4,187,687 |
| Other Local Sources | 313 | | 313 | 313 |
| Bond Proceeds | <u>18,392,000</u> | <u>-</u> | <u>18,392,000</u> | <u>18,392,000</u> |
| Total Revenues and Other Financing Sources | <u>22,580,000</u> | <u>-</u> | <u>22,580,000</u> | <u>22,580,000</u> |
| Expenditures and Other Financing Uses | | | | |
| Salaries | 118,333 | | 118,333 | 118,333 |
| Legal Services | 449,765 | \$ 752 | 450,517 | 450,517 |
| Purchased Professional and Technical Services | 2,198,833 | 7,543 | 2,206,376 | 2,206,376 |
| Judgements | 545,000 | | 545,000 | 545,000 |
| General Supplies | 1,337,130 | | 1,337,130 | 1,337,130 |
| Other Objects | 243,440 | | 243,440 | 243,440 |
| Construction Services | 16,571,070 | 82,419 | 16,653,489 | 16,653,489 |
| Unallocated | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,025,715</u> |
| Total Expenditures and Other Financing Uses | <u>21,463,571</u> | <u>90,714</u> | <u>21,554,285</u> | <u>22,580,000</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 1,116,429</u> | <u>\$ (90,714)</u> | <u>\$ 1,025,715</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|----------------------------|------------------|
| Project Number | 3340-010-01-0478 |
| Grant Date | 2002 |
| Bond Authorization Date | 2002 |
| Bonds Authorized | \$ 18,392,000 |
| Bonds Issued | \$ 18,392,000 |
| Original Authorized Cost | \$ 22,580,000 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 22,580,000 |

| | |
|---|---------------|
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 95.46% |
| Original Target Completion Date | June 30, 2007 |
| Revised Target Completion Date | June 30, 2007 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL CLASSROOM CONVERSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 428,226 | | \$ 428,226 | \$ 428,226 |
| Transfer from Capital Outlay/Capital Reserve | 352,750 | - | 352,750 | 642,339 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | 780,976 | - | 780,976 | 1,070,565 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 80,769 | | 80,769 | 80,769 |
| Construction Services | 578,654 | | 578,654 | 578,654 |
| Unallocated | - | - | - | 411,142 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | 659,423 | - | 659,423 | 1,070,565 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
| | \$ 121,553 | \$ - | \$ 121,553 | \$ - |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-030-05-1000 |
| Grant Date | 2005 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 1,070,565 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 1,070,565 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 61.60% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CEDAR HILL SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 171,994 | | \$ 171,994 | \$ 171,994 |
| Transfer from Capital Outlay/Capital Reserve | 161,400 | - | 161,400 | 257,992 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | 333,394 | - | 333,394 | 429,986 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 41,015 | | 41,015 | 41,015 |
| Construction Services | 227,000 | | 227,000 | 227,000 |
| Unallocated | - | - | - | 161,971 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | 268,015 | - | 268,015 | 429,986 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
| | <u>\$ 65,379</u> | <u>\$ -</u> | <u>\$ 65,379</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-025-05-1000 |
| Grant Date | 2005 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 429,986 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 429,986 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 80.39% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - MONTVILLE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|-----------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 75,658 | | \$ 75,658 | \$ 75,658 |
| Transfer from Capital Outlay/Capital Reserve | 113,488 | - | 113,488 | 113,488 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | 189,146 | - | 189,146 | 189,146 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 928 | \$ 581 | 1,509 | 1,509 |
| Construction Services | 137,045 | 49,379 | 186,424 | 187,637 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | 137,973 | 49,960 | 187,933 | 189,146 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
| | <u>\$ 51,173</u> | <u>\$ (49,960)</u> | <u>\$ 1,213</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-010-09-OUAB |
| Grant Date | 2010 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 189,146 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 189,146 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 99.36% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - CEDAR HILL ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|----------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 49,704 | | \$ 49,704 | \$ 49,704 |
| Transfer from Capital Outlay/Capital Reserve | <u>74,556</u> | <u>-</u> | <u>74,556</u> | <u>74,556</u> |
| Total Revenues and Other Financing Sources | <u>124,260</u> | <u>-</u> | <u>124,260</u> | <u>124,260</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | \$ 382 | 382 | 382 |
| Construction Services | <u>90,641</u> | <u>32,440</u> | <u>123,081</u> | <u>123,878</u> |
| Total Expenditures and Other Financing Uses | <u>90,641</u> | <u>32,822</u> | <u>123,463</u> | <u>124,260</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 33,619</u> | <u>\$ (32,822)</u> | <u>\$ 797</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|----------------------------|------------------|
| Project Number | 3340-025-09-OUAD |
| Grant Date | 2010 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 124,260 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 124,260 |

| | |
|---|---------------|
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 99.36% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - ROBERT R. LAZAR MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|------------------------|--------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 50,868 | | \$ 50,868 | \$ 50,868 |
| Transfer from Capital Outlay/Capital Reserve | <u>76,302</u> | <u>-</u> | <u>76,302</u> | <u>76,302</u> |
| Total Revenues and Other Financing Sources | <u>127,170</u> | <u>-</u> | <u>127,170</u> | <u>127,170</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | \$ 391 | 391 | 391 |
| Construction Services | <u>92,764</u> | <u>33,199</u> | <u>125,963</u> | <u>126,779</u> |
| Total Expenditures and Other Financing Uses | <u>92,764</u> | <u>33,590</u> | <u>126,354</u> | <u>127,170</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 34,406</u> | <u>\$ (33,590)</u> | <u>\$ 816</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|----------------------------|------------------|
| Project Number | 3340-030-09-OUAF |
| Grant Date | 2010 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 127,170 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 127,170 |

| | |
|---|---------------|
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 99.36% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - HILLDALE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 45,235 | | \$ 45,235 | \$ 45,235 |
| Transfer from Capital Outlay/Capital Reserve | 67,852 | - | 67,852 | 67,852 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | 113,087 | - | 113,087 | 113,087 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | \$ 347 | 347 | 347 |
| Construction Services | 82,490 | 29,523 | 112,013 | 112,740 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | 82,490 | 29,870 | 112,360 | 113,087 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 30,597 | \$ (29,870) | \$ 727 | \$ - |
| Additional Project Information: | | | | |
| Project Number | 3340-050-09-OUAH | | | |
| Grant Date | 2010 | | | |
| Bond Authorization Date | Not Applicable | | | |
| Bonds Authorized | Not Applicable | | | |
| Bonds Issued | Not Applicable | | | |
| Original Authorized Cost | \$ 113,087 | | | |
| Additional Authorized Cost | \$ - | | | |
| Revised Authorized Cost | \$ 113,087 | | | |
| Percentage Increase Over Original Authorized Cost | | | | |
| | 0.00% | | | |
| Percentage Completion | | | | |
| | 99.36% | | | |
| Original Target Completion Date | | | | |
| | June 30, 2012 | | | |
| Revised Target Completion Date | | | | |
| | June 30, 2012 | | | |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - VALLEY VIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|----------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 47,983 | | \$ 47,983 | \$ 47,983 |
| Transfer from Capital Outlay/Capital Reserve | <u>71,975</u> | <u>-</u> | <u>71,975</u> | <u>71,975</u> |
| Total Revenues and Other Financing Sources | <u>119,958</u> | <u>-</u> | <u>119,958</u> | <u>119,958</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | \$ 369 | 369 | 369 |
| Construction Services | <u>87,503</u> | <u>31,316</u> | <u>118,819</u> | <u>119,589</u> |
| Total Expenditures and Other Financing Uses | <u>87,503</u> | <u>31,685</u> | <u>119,188</u> | <u>119,958</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 32,455</u> | <u>\$ (31,685)</u> | <u>\$ 770</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|----------------------------|------------------|
| Project Number | 3340-055-09-GUAI |
| Grant Date | 2010 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 119,958 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 119,958 |

| | |
|---|---------------|
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 99.36% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - WILLIAM MASON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|----------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 42,805 | | \$ 42,805 | \$ 42,805 |
| Transfer from Capital Outlay/Capital Reserve | 64,208 | - | 64,208 | 64,208 |
| | <u>107,013</u> | <u>-</u> | <u>107,013</u> | <u>107,013</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | \$ 329 | 329 | 329 |
| Construction Services | 78,061 | 27,937 | 105,998 | 106,684 |
| | <u>78,061</u> | <u>28,266</u> | <u>106,327</u> | <u>107,013</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 28,952</u> | <u>\$ (28,266)</u> | <u>\$ 686</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-065-09-OUAJ |
| Grant Date | 2010 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 107,013 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 107,013 |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 99.36% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - WOODMONT ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 45,708 | | \$ 45,708 | \$ 45,708 |
| Transfer from Capital Outlay/Capital Reserve | 68,634 | - | 68,634 | 68,563 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | 114,342 | - | 114,342 | 114,271 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | \$ 351 | 351 | 351 |
| Construction Services | 83,355 | 29,832 | 113,187 | 113,920 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | 83,355 | 30,183 | 113,538 | 114,271 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
| | <u>\$ 30,987</u> | <u>\$ (30,183)</u> | <u>\$ 804</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-070-09-OUAK |
| Grant Date | 2010 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 114,271 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 114,271 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 99.36% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROBERT R. LAZAR MIDDLE SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|-------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 303,987 | | \$ 303,987 | \$ 314,885 |
| Transfer from Capital Outlay/Capital Reserve | 472,328 | - | 472,328 | 472,328 |
| | <u>776,315</u> | <u>-</u> | <u>776,315</u> | <u>787,213</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 36,949 | \$ 214 | 37,163 | 78,721 |
| Construction Services | 595,296 | - | 595,296 | 708,492 |
| | <u>632,245</u> | <u>214</u> | <u>632,459</u> | <u>787,213</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 144,070</u> | <u>\$ (214)</u> | <u>\$ 143,856</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | 3340-030-09-OZIF | | | |
| Grant Date | 2011 | | | |
| Bond Authorization Date | Not Applicable | | | |
| Bonds Authorized | Not Applicable | | | |
| Bonds Issued | Not Applicable | | | |
| Original Authorized Cost | \$ 787,213 | | | |
| Additional Authorized Cost | \$ - | | | |
| Revised Authorized Cost | \$ 787,213 | | | |
| Percentage Increase Over Original Authorized Cost | 0.00% | | | |
| Percentage Completion | 80.34% | | | |
| Original Target Completion Date | June 30, 2012 | | | |
| Revised Target Completion Date | June 30, 2012 | | | |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HILLDALE ELEMENTARY SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources- SDA Grant | \$ 296,952 | | \$ 296,952 | \$ 296,952 |
| Transfer from Capital Outlay/Capital Reserve | 325,000 | - | 325,000 | 445,429 |
| | <u>621,952</u> | <u>-</u> | <u>621,952</u> | <u>742,381</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 36,002 | \$ 36 | 36,038 | 74,238 |
| Construction Services | 534,190 | - | 534,190 | 668,143 |
| | <u>570,192</u> | <u>36</u> | <u>570,228</u> | <u>742,381</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ 51,760</u> | <u>\$ (36)</u> | <u>\$ 51,724</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | 3340-050-09-OZIG | | | |
| Grant Date | 2011 | | | |
| Bond Authorization Date | Not Applicable | | | |
| Bonds Authorized | Not Applicable | | | |
| Bonds Issued | Not Applicable | | | |
| Original Authorized Cost | \$ 742,381 | | | |
| Additional Authorized Cost | \$ - | | | |
| Revised Authorized Cost | \$ 742,381 | | | |
| Percentage Increase Over Original Authorized Cost | 0.00% | | | |
| Percentage Completion | 76.81% | | | |
| Original Target Completion Date | June 30, 2012 | | | |
| Revised Target Completion Date | June 30, 2012 | | | |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
WILLIAM MASON ELEMENTARY SCHOOL STEEL BEAM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| Transfer from Capital Outlay/Capital Reserve | - | \$ 301,700 | \$ 301,700 | \$ 301,700 |
| Project Transfer | - | 57,569 | 57,569 | 57,569 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | - | 359,269 | 359,269 | 359,269 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | 22,304 | 22,304 | 22,304 |
| Construction Services | - | 336,965 | 336,965 | 336,965 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | - | 359,269 | 359,269 | 359,269 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-050-09-OZIG |
| Grant Date | 2011 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 742,381 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 742,381 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
WOODMONT ELEMENTARY SCHOOLS ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| Transfer from Capital Outlay/Capital Reserve | - | \$ 524,300 | \$ 524,300 | \$ 524,300 |
| Project Transfer | - | (57,569) | (57,569) | (57,569) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues and Other Financing Sources | - | 466,731 | 466,731 | 466,731 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | 35,298 | 35,298 | 35,298 |
| Construction Services | | 407,000 | 407,000 | 407,000 |
| Transfer to General Fund | - | 24,433 | 24,433 | 24,433 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Uses | - | 466,731 | 466,731 | 466,731 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ - | \$ - | \$ - | \$ - |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3340-050-09-OZIG |
| Grant Date | 2011 |
| Bond Authorization Date | Not Applicable |
| Bonds Authorized | Not Applicable |
| Bonds Issued | Not Applicable |
| Original Authorized Cost | \$ 742,381 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 742,381 |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | June 30, 2012 |
| Revised Target Completion Date | June 30, 2012 |

ENTERPRISE FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

| | <u>Food Service</u> | <u>Montville Extended Day Learning Center</u> | <u>Total</u> |
|------------------------------------|-------------------------|---|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ 118,150 | \$ 691,148 | \$ 809,298 |
| Receivables | | | |
| Intergovernmental | | | |
| Federal | 1,500 | | 1,500 |
| Accounts | | 2,990 | 2,990 |
| Due from Other Funds | 68 | | 68 |
| Inventories | <u>8,532</u> | <u>-</u> | <u>8,532</u> |
| Total Current Assets | <u>128,250</u> | <u>694,138</u> | <u>822,388</u> |
| Capital Assets | | | |
| Furniture, Machinery and Equipment | 275,593 | | 275,593 |
| Less Accumulated Depreciation | <u>(223,881)</u> | <u>-</u> | <u>(223,881)</u> |
| Total Capital Assets | <u>51,712</u> | <u>-</u> | <u>51,712</u> |
| Total Assets | <u>179,962</u> | <u>694,138</u> | <u>874,100</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | | 251 | 251 |
| Unearned Revenue | | 29,900 | 29,900 |
| Other Current Liabilities | <u>-</u> | <u>10,029</u> | <u>10,029</u> |
| Total Current Liabilities | <u>-</u> | <u>40,180</u> | <u>40,180</u> |
| NET ASSETS | | | |
| Invested in Capital Assets | 51,712 | | 51,712 |
| Unrestricted | <u>128,250</u> | <u>653,958</u> | <u>782,208</u> |
| Total Net Assets | <u>\$ 179,962</u> | <u>\$ 653,958</u> | <u>\$ 833,920</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Food Service</u> | <u>Montville Extended Day Learning Center</u> | <u>Total</u> |
|---------------------------------------|-------------------------|---|-------------------|
| OPERATING REVENUES | | | |
| Local Sources | | | |
| Daily Sales Non-Reimbursable Programs | \$ 598,619 | | \$ 598,619 |
| Special Functions | 71,634 | | 71,634 |
| Program Fees | <u>-</u> | <u>\$ 555,669</u> | <u>555,669</u> |
| Total Operating Revenues | <u>670,253</u> | <u>555,669</u> | <u>1,225,922</u> |
| OPERATING EXPENSES | | | |
| Salaries and Wages | 287,709 | 460,614 | 748,323 |
| Personal Services Employee-Benefits | | 31,930 | 31,930 |
| Other Purchased Services | 89,850 | 131,452 | 221,302 |
| Supplies and Materials | 1,991 | 42,590 | 44,581 |
| Utilities | | 127,462 | 127,462 |
| Cost of Sales | 331,540 | | 331,540 |
| Miscellaneous | | 5,340 | 5,340 |
| Depreciation | <u>12,732</u> | <u>-</u> | <u>12,732</u> |
| Total Operating Expenses | <u>723,822</u> | <u>799,388</u> | <u>1,523,210</u> |
| Operating (Loss) | <u>(53,569)</u> | <u>(243,719)</u> | <u>(297,288)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Federal Sources | | | |
| Special Milk Program | 16,855 | | 16,855 |
| Interest Income | <u>3,518</u> | <u>-</u> | <u>3,518</u> |
| Total Nonoperating Revenues | <u>20,373</u> | <u>-</u> | <u>20,373</u> |
| Change in Net Assets | (33,196) | (243,719) | (276,915) |
| Net Assets, Beginning of Year | <u>213,158</u> | <u>897,677</u> | <u>1,110,835</u> |
| Net Assets, End of Year | <u>\$ 179,962</u> | <u>\$ 653,958</u> | <u>\$ 833,920</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Food Service</u> | <u>Montville Extended Day Learning Center</u> | <u>Total</u> |
|---|-------------------------|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Customers | \$ 670,253 | \$ 578,425 | \$ 1,248,678 |
| Cash Payments for Employees Salaries & Benefits | (287,709) | (492,544) | (780,253) |
| Cash Payments to Suppliers for Goods and Services | <u>(470,597)</u> | <u>(308,271)</u> | <u>(778,868)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(88,053)</u> | <u>(222,390)</u> | <u>(310,443)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Cash Received from (Payments Made to) Other Funds | 9,306 | (367,776) | (358,470) |
| Cash Received from Other Governments | <u>17,085</u> | <u>-</u> | <u>17,085</u> |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>26,391</u> | <u>(367,776)</u> | <u>(341,385)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Earnings | <u>3,518</u> | <u>-</u> | <u>3,518</u> |
| Net Cash Provided by Investing Activities | <u>3,518</u> | <u>-</u> | <u>3,518</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (58,144) | (590,166) | (648,310) |
| Cash and Cash Equivalents, Beginning of Year | <u>176,294</u> | <u>1,281,314</u> | <u>1,457,608</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 118,150</u> | <u>\$ 691,148</u> | <u>\$ 809,298</u> |
| RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating (Loss) | <u>\$ (53,569)</u> | <u>\$ (243,719)</u> | <u>\$ (297,288)</u> |
| Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Depreciation | 12,732 | | 12,732 |
| Change in Assets and Liabilities | | | |
| (Increase)/Decrease in Accounts Receivable | | (875) | (875) |
| Increase/(Decrease) in Accounts Payable | (45,600) | (1,427) | (47,027) |
| Increase/(Decrease) in Other Current Liabilities | | 4,904 | 4,904 |
| Increase/(Decrease) in Unearned Revenue | | 18,727 | 18,727 |
| Decrease/(Increase) in Inventory | <u>(1,616)</u> | <u>-</u> | <u>(1,616)</u> |
| Total Adjustments | <u>(34,484)</u> | <u>21,329</u> | <u>(13,155)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (88,053)</u> | <u>\$ (222,390)</u> | <u>\$ (310,443)</u> |

FIDUCIARY FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2012**

| | <u>Agency</u> | | <u>Total</u> |
|-------------------------------------|-----------------------------|-------------------|-------------------|
| | <u>Student Activity</u> | <u>Payroll</u> | |
| ASSETS | | | |
| Cash | \$ 235,759 | \$ 311,443 | \$ 547,202 |
| Due from Other Funds | <u>-</u> | <u>4,174</u> | <u>4,174</u> |
| Total Assets | <u>\$ 235,759</u> | <u>\$ 315,617</u> | <u>\$ 551,376</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | \$ 312,722 | \$ 312,722 |
| Accrued Salaries and Wages | | 72 | 72 |
| Reserve for Flex Spending | | 2,260 | 2,260 |
| Reserve for COBRA | | 563 | 563 |
| Due to Student Groups | <u>\$ 235,759</u> | <u>-</u> | <u>235,759</u> |
| Total Liabilities | <u>\$ 235,759</u> | <u>\$ 315,617</u> | <u>\$ 551,376</u> |

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| <u>School</u> | <u>Balance July 1, 2011</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2012</u> |
|---------------------------|---------------------------------|--------------------------|-------------------------------|-----------------------------------|
| ELEMENTARY SCHOOLS | | | | |
| William Mason | \$ 18,723 | \$ 8,029 | \$ 7,419 | \$ 19,333 |
| Woodmont | 7,571 | 15,729 | 14,753 | 8,547 |
| Cedar Hill | 12,958 | 17,268 | 27,630 | 2,596 |
| Hilldale | 5,661 | 19,597 | 15,705 | 9,553 |
| Valley View | 9,316 | 22,743 | 21,417 | 10,642 |
| MIDDLE SCHOOL | | | | |
| Robert R. Lazar | 46,414 | 157,985 | 171,224 | 33,175 |
| HIGH SCHOOL | | | | |
| Montville High School | 137,940 | 395,009 | 388,838 | 144,111 |
| Athletic Account | <u>3,455</u> | <u>86,172</u> | <u>81,825</u> | <u>7,802</u> |
| Total | <u>\$ 242,038</u> | <u>\$ 722,532</u> | <u>\$ 728,811</u> | <u>\$ 235,759</u> |

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Balance, July 1, 2011</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2012</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Payroll Deductions and Withholdings | \$ 293,278 | \$ 16,500,061 | \$ 16,480,617 | \$ 312,722 |
| Accrued Salaries and Wages | 72 | 24,533,050 | 24,533,050 | 72 |
| Reserve for Flex Spending | | 12,395 | 10,135 | 2,260 |
| Reserve for COBRA | | 68,702 | 68,139 | 563 |
| Due to/(from) Other Funds | <u>87,943</u> | <u>13,493</u> | <u>105,610</u> | <u>(4,174)</u> |
| | <u>\$ 381,293</u> | <u>\$ 41,127,701</u> | <u>\$ 41,197,551</u> | <u>\$ 311,443</u> |

LONG-TERM DEBT

EXHIBIT I-1

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 LONG-TERM DEBT
 STATEMENT OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Maturities Date</u> | <u>Maturities Amount</u> | <u>Interest Rate</u> | <u>Balance, July 1, 2011</u> | <u>Retired</u> | <u>Balance, June 30, 2012</u> |
|-----------------|----------------------|------------------------|------------------------|--------------------------|----------------------|------------------------------|----------------|-------------------------------|
| Refunding Bonds | 11/16/2004 | \$ 10,755,000 | 7/15/2012 | \$ 830,000 | 4.50% | | | |
| | | | 7/15/2013 | 825,000 | 4.50% | | | |
| | | | 7/15/2014 | 845,000 | 3.40% | | | |
| | | | 7/15/2015 | 860,000 | 3.50% | | | |
| | | | 7/15/2016 | 850,000 | 3.60% | | | |
| | | | 7/15/2017 | 845,000 | 5.00% | | | |
| | | | 7/15/2018 | 835,000 | 5.00% | \$ 6,720,000 | \$ 830,000 | \$ 5,890,000 |
| Refunding Bonds | 9/16/2006 | 7,615,000 | 2/1/2013 | 335,000 | 4.50% | | | |
| | | | 2/1/2014 | 365,000 | 4.50% | | | |
| | | | 2/1/2015 | 430,000 | 4.50% | | | |
| | | | 2/1/2016 | 490,000 | 4.50% | | | |
| | | | 2/1/2017 | 580,000 | 4.00% | | | |
| | | | 2/1/2018 | 675,000 | 4.00% | | | |
| | | | 2/1/2019 | 770,000 | 4.00% | | | |
| | | | 2/1/2020 | 830,000 | 4.00% | | | |
| | | | 2/1/2021 | 870,000 | 4.00% | | | |
| | | | 2/1/2022 | 915,000 | 4.00% | | | |
| | | | 2/1/2023 | 910,000 | 4.00% | 7,475,000 | 305,000 | 7,170,000 |
| Refunding Bonds | 2/6/2008 | 7,230,000 | 8/1/2012 | 575,000 | 5.00% | | | |
| | | | 8/1/2013 | 625,000 | 4.50% | | | |
| | | | 8/1/2014 | 625,000 | 5.00% | | | |
| | | | 8/1/2015 | 630,000 | 5.00% | | | |
| | | | 8/1/2016-17 | 625,000 | 4.25% | | | |
| | | | 8/1/2018 | 620,000 | 5.00% | | | |
| | | | 8/1/2019 | 670,000 | 5.00% | | | |
| | | | 8/1/2020 | 670,000 | 4.625% | | | |
| | | 8/1/2021 | 670,000 | 4.375% | | | | |
| | | | | | | 6,865,000 | 530,000 | 6,335,000 |
| | | | | | | \$ 21,060,000 | \$ 1,665,000 | \$ 19,395,000 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| | <u>Date</u> | <u>Original Amount</u> | <u>Balance, July 1, 2011</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance, June 30, 2012</u> |
|--------------------------|-------------|----------------------------|----------------------------------|-------------------|-------------------|-----------------------------------|
| Acquisition of Computers | 2007/08 | \$ 474,825 | \$ 17,943 | | \$ 17,943 | |
| Acquisition of Computers | 2008/09 | 201,559 | 57,120 | | 49,412 | \$ 7,708 |
| Acquisition of Copiers | 2009/10 | 96,448 | 73,074 | | 31,922 | 41,152 |
| Acquisition of Copiers | 2011/12 | 161,051 | - | \$ 161,051 | 34,940 | 126,111 |
| | | | <u>\$ 148,137</u> | <u>\$ 161,051</u> | <u>\$ 134,217</u> | <u>\$ 174,971</u> |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 2,359,061 | | \$ 2,359,061 | \$ 2,359,061 | |
| State Sources | | | | | |
| Debt Service Aid - Type II | 184,858 | - | 184,858 | 184,858 | - |
| Total Revenues | <u>2,543,919</u> | <u>-</u> | <u>2,543,919</u> | <u>2,543,919</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| Redemption of Principal | 1,665,000 | | 1,665,000 | 1,665,000 | |
| Interest | 878,919 | | 878,919 | 878,918 | \$ 1 |
| Total Regular Debt Service | <u>2,543,919</u> | <u>-</u> | <u>2,543,919</u> | <u>2,543,918</u> | <u>1</u> |
| Total Expenditures | <u>2,543,919</u> | <u>-</u> | <u>2,543,919</u> | <u>2,543,918</u> | <u>1</u> |
| Excess of Revenues Over Expenditures | - | | - | 1 | 1 |
| Fund Balance, Beginning of Year | 15,190 | | 15,190 | 15,190 | - |
| Fund Balance, End of Year | <u>\$ 15,190</u> | <u>\$ -</u> | <u>\$ 15,190</u> | <u>\$ 15,191</u> | <u>\$ 1</u> |
| Recapitulation of Fund Balance: | | | | | |
| Restricted for Debt Service | | | | | |
| Designated for Subsequent Year's Budget | | | | \$ 15,190 | |
| Available for Future Debt Service | | | | <u>1</u> | |
| | | | | <u>\$ 15,191</u> | |

STATISTICAL SECTION

This part of the Montville Township Public 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 government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NET ASSETS BY COMPONENT
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 5,841,211 | \$ 6,639,952 | \$ 6,947,435 | \$ 8,509,524 | \$ 9,066,158 | \$ 10,563,879 | \$ 11,707,487 | \$ 11,094,896 | \$ 14,062,646 | \$ 15,400,775 |
| Restricted | 239,138 | 527,779 | 880,895 | 380,924 | 215,524 | 242,782 | 1,732,825 | 1,510,924 | 1,220,819 | 3,420,820 |
| Unrestricted | 577,012 | 999,949 | 1,341,613 | 1,602,257 | 2,480,499 | 2,128,809 | 2,137,441 | 1,894,213 | 2,677,311 | 3,184,008 |
| Total Governmental Activities Net Assets | \$ 6,657,361 | \$ 8,167,680 | \$ 9,169,943 | \$ 10,492,705 | \$ 11,762,181 | \$ 12,935,470 | \$ 15,577,753 | \$ 14,500,933 | \$ 17,960,776 | \$ 22,005,603 |
| Business-Type Activities | | | | | | | | | | |
| Invested in Capital Assets | \$ 43,294 | \$ 32,776 | \$ 40,897 | \$ 39,787 | \$ 63,376 | \$ 103,341 | \$ 90,221 | \$ 77,283 | \$ 64,444 | \$ 51,712 |
| Unrestricted | 593,218 | 669,198 | 730,080 | 783,464 | 923,110 | 1,004,139 | 1,051,884 | 1,196,064 | 1,046,391 | 782,208 |
| Total Business-Type Activities Net Assets | \$ 638,512 | \$ 701,974 | \$ 770,977 | \$ 823,251 | \$ 986,486 | \$ 1,107,480 | \$ 1,142,105 | \$ 1,273,347 | \$ 1,110,835 | \$ 833,920 |
| District-Wide | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 5,884,505 | \$ 6,672,728 | \$ 6,988,332 | \$ 8,549,311 | \$ 9,129,534 | \$ 10,667,220 | \$ 11,797,708 | \$ 11,172,179 | \$ 14,127,090 | \$ 15,452,487 |
| Restricted | 239,138 | 527,779 | 880,895 | 380,924 | 215,524 | 242,782 | 1,732,825 | 1,510,924 | 1,220,819 | 3,420,820 |
| Unrestricted | 1,172,230 | 1,669,147 | 2,071,693 | 2,385,721 | 3,403,609 | 3,132,948 | 3,189,325 | 3,090,277 | 3,723,702 | 3,966,216 |
| Total District Net Assets | \$ 7,295,873 | \$ 8,869,654 | \$ 9,940,920 | \$ 11,315,956 | \$ 12,748,667 | \$ 14,042,950 | \$ 16,719,858 | \$ 15,773,380 | \$ 19,071,611 | \$ 22,839,523 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

| | Fiscal Year Ended June 30 | | | | | | | | | |
|--|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 20,928,940 | \$ 22,151,869 | \$ 24,190,895 | \$ 25,564,555 | \$ 28,482,218 | \$ 30,965,510 | \$ 30,770,482 | \$ 30,867,596 | \$ 29,883,027 | \$ 29,625,688 |
| Special Education | 3,991,171 | 4,666,988 | 5,886,252 | 6,185,175 | 7,054,413 | 7,089,567 | 7,391,380 | 8,491,808 | 9,992,855 | 10,884,258 |
| Other Instruction | 669,407 | 813,242 | 1,044,682 | 834,598 | 721,530 | 849,294 | 940,296 | 732,337 | 1,206,905 | 1,394,338 |
| School-Sponsored Activities and Athletics | 980,897 | 1,094,651 | 1,284,904 | 1,303,872 | 1,420,103 | 1,409,346 | 1,652,925 | 1,798,207 | 1,506,607 | 1,690,044 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 6,068,184 | 7,302,291 | 8,105,700 | 8,828,866 | 9,652,264 | 9,235,493 | 9,599,153 | 9,742,074 | 9,259,691 | 9,720,565 |
| School Administrative Services | 2,660,934 | 2,851,527 | 2,887,614 | 3,011,213 | 3,353,779 | 3,386,170 | 2,965,228 | 3,040,190 | 3,110,820 | 2,987,170 |
| General Administration | 1,208,898 | 1,169,162 | 1,439,305 | 1,375,042 | 1,697,592 | 1,637,703 | 1,669,060 | 1,488,863 | 1,494,283 | 1,641,283 |
| Business/Central Services | 679,449 | 740,225 | 1,219,639 | 1,298,079 | 1,142,351 | 1,142,351 | 1,194,161 | 1,233,403 | 1,159,531 | 1,207,942 |
| Plant Operations and Maintenance | 4,475,886 | 5,427,743 | 5,563,733 | 6,312,806 | 6,490,953 | 6,328,147 | 6,516,878 | 6,586,201 | 5,658,951 | 5,852,882 |
| Pupil Transportation | 2,326,486 | 2,449,888 | 2,686,247 | 2,802,529 | 3,062,766 | 3,316,468 | 3,436,088 | 3,411,953 | 3,277,783 | 3,373,629 |
| Interest on Long-Term Debt | 1,496,590 | 1,492,286 | 1,175,435 | 1,289,336 | 1,157,462 | 1,158,331 | 1,029,060 | 1,007,607 | 924,295 | 891,206 |
| Total Governmental Activities Expenses | 45,490,842 | 50,159,912 | 55,530,394 | 58,727,631 | 64,391,159 | 66,718,580 | 67,164,711 | 68,400,189 | 67,475,027 | 69,269,005 |
| Business-Type Activities: | | | | | | | | | | |
| Enterprise Funds | 1,027,204 | 1,047,770 | 1,087,963 | 1,144,083 | 1,084,386 | 1,229,302 | 1,360,033 | 1,214,124 | 1,434,404 | 1,523,210 |
| Total Business-Type Activities Expense | 1,027,204 | 1,047,770 | 1,087,963 | 1,144,083 | 1,084,386 | 1,229,302 | 1,360,033 | 1,214,124 | 1,434,404 | 1,523,210 |
| Total District Expenses | \$ 46,518,046 | \$ 51,207,682 | \$ 56,618,357 | \$ 59,871,714 | \$ 65,475,545 | \$ 67,947,882 | \$ 68,524,744 | \$ 69,614,313 | \$ 68,909,431 | \$ 70,792,215 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services | \$ 50,819 | \$ 55,254 | \$ 36,477 | \$ 118,665 | \$ 353,166 | \$ 347,720 | \$ 349,228 | \$ 305,031 | \$ 564,643 | \$ 563,353 |
| Operating Grants and Contributions | 5,409,179 | 6,362,842 | 6,892,467 | 7,427,936 | 8,954,419 | 9,185,286 | 9,080,919 | 8,749,354 | 6,787,584 | 8,945,658 |
| Capital Grants and Contributions | 2,560,917 | 704,498 | 353,095 | 459,554 | 223,147 | 36,284 | 64,585 | 946,483 | 638,936 | 117,506 |
| Total Governmental Activities Program Revenues | 8,020,915 | 7,122,594 | 7,282,039 | 8,006,155 | 9,530,732 | 9,569,290 | 9,494,732 | 10,000,868 | 7,991,163 | 9,626,497 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services | \$ 1,020,964 | \$ 1,092,571 | \$ 1,131,804 | \$ 1,173,884 | \$ 1,225,689 | \$ 1,327,570 | \$ 1,370,001 | \$ 1,323,532 | \$ 1,251,144 | \$ 1,225,922 |
| Enterprise Funds | 17,566 | 17,893 | 24,456 | 21,769 | 20,758 | 23,117 | 22,470 | 18,665 | 17,538 | 16,855 |
| Operating Grants and Contributions | 1,038,530 | 1,110,464 | 1,156,260 | 1,195,653 | 1,246,447 | 1,350,687 | 1,392,471 | 1,342,197 | 1,288,682 | 1,242,777 |
| Total Business-Type Activities Program Revenues | \$ 9,059,445 | \$ 8,233,058 | \$ 8,438,299 | \$ 9,201,808 | \$ 10,777,179 | \$ 10,919,977 | \$ 10,887,203 | \$ 11,343,065 | \$ 9,259,845 | \$ 10,869,274 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (37,469,927) | \$ (43,037,318) | \$ (48,248,355) | \$ (50,721,476) | \$ (54,860,427) | \$ (57,149,290) | \$ (57,669,979) | \$ (58,398,321) | \$ (59,483,864) | \$ (59,642,508) |
| Business-Type Activities | 11,326 | 62,694 | 68,297 | 51,570 | 162,061 | 121,385 | 32,438 | 128,073 | (165,722) | (280,433) |
| Total District-Wide Net Expense | \$ (37,458,601) | \$ (42,974,624) | \$ (48,180,058) | \$ (50,669,906) | \$ (54,698,366) | \$ (57,027,905) | \$ (57,637,541) | \$ (58,270,248) | \$ (59,649,586) | \$ (59,922,941) |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

| | Fiscal Year Ended 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 | \$ 39,244,831 | \$ 41,757,724 | \$ 46,111,308 | \$ 49,078,805 | \$ 52,779,206 | \$ 53,979,874 | \$ 56,002,556 | \$ 58,235,700 | \$ 59,929,098 | \$ 60,826,776 |
| Taxes Levied for Debt Service | 2,074,631 | 2,168,685 | 2,208,218 | 2,037,207 | 2,119,454 | 1,987,004 | 2,180,333 | 2,116,681 | 2,326,078 | 2,359,061 |
| Federal and State Aid - Unrestricted | 185,615 | 344,963 | 555,104 | 535,629 | 632,110 | 705,261 | 23,878 | - | - | - |
| Federal and State Aid - Restricted | 11,781 | - | (2,971) | - | 265,843 | 374,999 | 218,381 | 267,223 | 137,224 | 120,990 |
| Loss on Disposal of Capital Assets | - | 20,180 | - | 69,122 | (55,346) | - | - | - | - | - |
| Donated Capital Assets | - | 178,522 | 122,843 | 187,865 | 360,054 | 202,641 | 130,231 | 138,754 | 93,257 | 119,460 |
| Investment Earnings | 307,745 | 178,522 | 122,843 | 187,865 | 360,054 | 202,641 | 130,231 | 138,754 | 93,257 | 119,460 |
| Miscellaneous Income | 129,105 | 99,303 | 256,116 | 135,610 | 351,781 | 332,935 | 1,756,883 | 239,679 | 458,950 | 440,193 |
| Transfers | - | - | - | - | - | 50,000 | - | - | - | - |
| Total Governmental Activities | 41,953,708 | 44,569,377 | 49,250,618 | 52,044,238 | 56,471,288 | 57,630,714 | 60,312,262 | 60,998,037 | 62,944,607 | 63,866,480 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 3,300 | 768 | 706 | 704 | 1,174 | 2,482 | 2,187 | 3,169 | 3,210 | 3,518 |
| Transfers | - | - | - | - | - | (50,000) | - | - | - | - |
| Total Business-Type Activities | 3,300 | 768 | 706 | 704 | 1,174 | (47,518) | 2,187 | 3,169 | 3,210 | 3,518 |
| Total District-Wide | \$ 41,957,008 | \$ 44,570,145 | \$ 49,251,324 | \$ 52,044,942 | \$ 56,472,462 | \$ 57,583,196 | \$ 60,314,449 | \$ 61,001,206 | \$ 62,947,817 | \$ 63,869,998 |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities | \$ 4,483,781 | \$ 1,532,059 | \$ 1,002,263 | \$ 1,322,762 | \$ 1,610,861 | \$ 481,424 | \$ 2,642,283 | \$ 2,598,716 | \$ 3,460,743 | \$ 4,223,972 |
| Business-Type Activities | 14,626 | 63,462 | 69,003 | 52,274 | 163,235 | 73,867 | 34,625 | 131,242 | (162,512) | (276,915) |
| Total District | \$ 4,498,407 | \$ 1,595,521 | \$ 1,071,266 | \$ 1,375,036 | \$ 1,774,096 | \$ 555,291 | \$ 2,676,908 | \$ 2,729,958 | \$ 3,298,231 | \$ 3,947,057 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 308,378 | \$ 1,208,470 | \$ 1,034,663 | \$ 1,513,724 | \$ 2,691,854 | \$ 1,996,011 | \$ 3,487,859 | \$ 3,174,921 | | |
| Unreserved | 1,906,783 | 1,306,333 | 1,370,848 | 1,569,647 | 1,674,748 | 2,133,589 | 1,280,893 | 1,228,287 | | |
| Restricted | | | | | | | | | \$ 2,654,830 | \$ 5,788,973 |
| Assigned | | | | | | | | | 1,288,717 | 976,322 |
| Unassigned | | | | | | | | | 946,178 | 1,061,188 |
| Total General Fund | \$ 2,215,161 | \$ 2,514,803 | \$ 2,405,511 | \$ 3,083,371 | \$ 4,366,602 | \$ 4,129,600 | \$ 4,768,752 | \$ 4,403,208 | \$ 4,889,725 | \$ 7,826,483 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 2,964,519 | \$ 468,693 | \$ 1,206,671 | \$ 460,367 | \$ 409,591 | \$ 402,189 | \$ 820,857 | \$ 168,775 | | |
| Unreserved | 2,266,024 | 2,222,110 | 1,226,491 | 1,366,452 | 1,038,396 | 905,493 | 1,349,968 | 1,435,698 | | |
| Restricted | | | | | | | | | \$ 914,534 | \$ 698,669 |
| Total All Other Governmental Funds | \$ 5,230,543 | \$ 2,690,803 | \$ 2,433,162 | \$ 1,826,819 | \$ 1,467,987 | \$ 1,307,682 | \$ 2,170,825 | \$ 1,604,473 | \$ 914,534 | \$ 698,669 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

Fiscal Year Ended June 30,

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------------------|-----------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 41,319,462 | \$ 43,926,409 | \$ 48,319,526 | \$ 51,116,012 | \$ 54,898,660 | \$ 55,966,878 | \$ 58,182,889 | \$ 60,352,381 | \$ 62,255,176 | \$ 63,185,837 |
| Tuition Charges | 50,819 | 33,514 | 36,477 | 118,665 | 40,450 | 48,256 | 51,349 | 50,223 | 35,038 | 63,586 |
| Interest Earnings | 307,745 | 178,522 | 122,843 | 187,865 | 360,054 | 202,641 | 130,231 | 138,754 | 93,257 | 119,460 |
| Miscellaneous | 172,434 | 125,329 | 284,262 | 165,138 | 897,366 | 667,318 | 2,109,908 | 517,478 | 1,037,608 | 957,785 |
| State Sources | 7,509,521 | 6,282,112 | 6,574,672 | 7,169,431 | 8,697,216 | 9,185,571 | 8,168,260 | 8,553,269 | 5,986,825 | 7,509,113 |
| Federal Sources | 614,642 | 1,104,165 | 1,197,848 | 1,224,160 | 1,155,034 | 1,079,340 | 1,164,357 | 1,386,800 | 1,527,866 | 1,657,196 |
| Total Revenues | 49,974,623 | 51,650,051 | 56,535,628 | 59,981,271 | 66,048,780 | 67,150,004 | 69,806,994 | 70,998,905 | 70,935,770 | 73,492,977 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 20,770,782 | 21,965,057 | 24,067,929 | 25,491,359 | 28,337,574 | 30,904,995 | 30,575,715 | 30,814,168 | 29,717,295 | 29,501,634 |
| Special Education Instruction | 2,642,386 | 4,656,876 | 5,888,774 | 6,181,044 | 7,050,578 | 7,095,637 | 7,383,460 | 8,471,234 | 9,972,991 | 10,881,992 |
| Other Instruction | 660,294 | 799,714 | 1,038,953 | 829,081 | 721,126 | 846,467 | 935,435 | 729,537 | 1,196,573 | 1,387,379 |
| School Sponsored Activities and Athletics | 980,897 | 1,094,691 | 1,284,904 | 1,303,382 | 1,415,076 | 1,409,346 | 1,652,925 | 1,798,207 | 1,506,607 | 1,690,044 |
| Support Services: | | | | | | | | | | |
| Tuition | 1,423,409 | | | | | | | | | |
| Student & Inst. Related Services | 6,051,405 | 7,285,535 | 8,092,993 | 8,802,161 | 9,634,729 | 9,225,144 | 9,553,107 | 9,761,985 | 9,271,615 | 9,690,302 |
| General Administration | 1,200,441 | 1,175,295 | 1,431,149 | 1,375,841 | 1,669,966 | 1,620,999 | 1,618,953 | 1,495,036 | 1,459,698 | 1,598,800 |
| School Administrative Services | 2,547,559 | 2,758,829 | 2,805,586 | 3,038,403 | 3,210,588 | 3,326,541 | 2,884,912 | 2,963,505 | 3,071,611 | 2,925,910 |
| Business/Central Services | 656,071 | 731,063 | 1,259,263 | 1,215,843 | 3,062,766 | 1,137,964 | 1,190,497 | 1,200,997 | 1,154,611 | 1,201,003 |
| Plant Operations and Maintenance | 3,926,592 | 4,542,988 | 4,617,921 | 5,083,315 | 1,303,433 | 5,254,786 | 5,209,144 | 5,345,340 | 4,697,964 | 4,468,632 |
| Pupil Transportation | 2,326,486 | 2,449,888 | 2,686,247 | 2,802,529 | 5,247,046 | 3,316,468 | 3,436,088 | 3,411,953 | 3,277,783 | 3,373,629 |
| Capital Outlay | 14,915,282 | 3,837,801 | 1,341,243 | 1,380,168 | 904,937 | 1,320,487 | 1,213,178 | 3,175,433 | 3,048,069 | 1,528,013 |
| Debt Service: | | | | | | | | | | |
| Principal | 640,000 | 1,110,000 | 1,160,000 | 1,155,000 | 1,410,000 | 1,470,403 | 1,769,282 | 1,831,371 | 1,810,024 | 1,799,217 |
| Interest and Other Charges | 1,728,003 | 1,466,540 | 1,364,878 | 1,251,628 | 1,561,243 | 1,553,179 | 1,083,562 | 1,028,483 | 954,351 | 886,580 |
| Total Expenditures | 60,469,607 | 53,874,277 | 57,039,840 | 59,909,754 | 65,529,062 | 68,482,416 | 68,506,258 | 72,027,249 | 71,139,192 | 70,933,135 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,494,984) | (2,224,226) | (504,212) | 71,517 | 519,718 | (1,332,412) | 1,300,736 | (1,028,344) | (203,422) | 2,559,842 |
| Other Financing sources (uses) | | | | | | | | | | |
| Original Issue Premium | | | 349,418 | | 81,281 | 710,280 | | | | |
| Proceeds from Refunding | | | 10,755,000 | | 7,615,000 | 7,230,000 | | | | |
| Payments to Escrow Agent | | | (10,967,139) | | (7,282,000) | (7,530,000) | | | | |
| Proceeds from Capital Lease | | | | | | 474,825 | 201,559 | 96,448 | | 161,051 |
| Cancelled Grants Receivable | | | | | (9,600) | | | | | |
| Transfers In | 236,285 | 604,390 | 388,750 | 172,038 | 99,397 | 108,910 | 1,008,667 | 973,205 | 1,279,915 | 850,433 |
| Transfers Out | (236,285) | (604,390) | (388,750) | (172,038) | (99,397) | (58,910) | (1,008,667) | (973,205) | (1,279,915) | (850,433) |
| Total Other Financing Sources (Uses) | - | - | 137,279 | - | 404,681 | 935,105 | 201,559 | 96,448 | - | 161,051 |
| Net Change in Fund Balances | \$ (10,494,984) | \$ (2,224,226) | \$ (366,933) | \$ 71,517 | \$ 924,399 | \$ (397,307) | \$ 1,502,295 | \$ (931,896) | \$ (203,422) | \$ 2,720,893 |
| Debt Service as a Percentage of Noncapital Expenditures | 5.20% | 5.15% | 4.53% | 4.11% | 4.60% | 4.50% | 4.24% | 4.15% | 4.06% | 3.87% |

* Noncapital expenditures are total expenditures less capital outlay.

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended June 30, | Interest Earned | Tuition | Transportation | Municipal Contribution | Insurance/ Other Refunds | Facility Rental | Student Activity Fees | Miscellaneous | Total |
|---|----------------------------|----------------|-----------------------|-----------------------------------|-------------------------------------|----------------------------|--------------------------------------|----------------------|--------------|
| 2003 | \$ 71,460 | \$ 50,819 | | | \$ 36,674 | \$ 15,950 | | \$ 76,481 | \$ 251,384 |
| 2004 | 121,547 | 33,514 | | | 20,998 | 18,203 | | 41,974 | 236,236 |
| 2005 | 110,922 | 36,477 | | | 79,760 | 21,635 | | 166,642 | 415,436 |
| 2006 | 141,227 | 118,665 | | | 10,799 | 20,975 | | 103,836 | 395,502 |
| 2007 | 294,438 | 40,450 | \$ 312,726 | \$ 200,000 | | | | 351,781 | 1,199,395 |
| 2008 | 143,731 | 48,256 | 299,464 | | | | | 332,935 | 824,386 |
| 2009 | 80,557 | 51,349 | 297,879 | | 1,603,680 | | | 153,203 | 2,186,668 |
| 2010 | 114,155 | 50,223 | 254,808 | | 135,193 | 20,330 | | 84,156 | 658,865 |
| 2011 | 93,257 | 35,038 | 374,805 | | 327,227 | 20,055 | \$ 155,100 | 111,368 | 1,116,850 |
| 2012 | 119,460 | 63,586 | 357,742 | | 152,176 | 34,986 | 142,025 | 253,031 | 1,123,006 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual Value (County Equalized) | Total Direct School Tax Rate ^a |
|----------------------------|---------------|------------------|--------------|------------|----------------|----------------|---------------|----------------------|------------------|-----------------------|---|---|
| 2003 | \$ 68,551,200 | \$ 2,187,067,900 | \$ 6,106,700 | \$ 207,800 | \$ 149,895,900 | \$ 279,836,900 | \$ 52,558,100 | \$ 2,744,224,500 | \$ 6,205,825 | \$ 2,750,430,325 | \$ 3,474,499,888 | \$ 1.550 |
| 2004 | 68,720,800 | 2,212,599,000 | 6,362,200 | 196,900 | 149,934,100 | 275,832,700 | 52,558,100 | 2,766,203,800 | 5,329,300 | 2,771,533,100 | 3,897,020,363 | 1.665 |
| 2005 | 62,991,400 | 2,240,814,100 | 6,362,200 | 196,900 | 155,641,400 | 269,354,600 | 52,558,100 | 2,787,918,700 | 4,272,098 | 2,792,190,798 | 4,327,490,763 | 1.781 |
| 2006 | 59,002,000 | 2,263,801,300 | 6,199,100 | 171,600 | 154,221,800 | 257,967,400 | 52,558,100 | 2,793,921,300 | 3,881,473 | 2,797,802,773 | 4,693,441,760 | 1.895 |
| 2007 | 51,034,900 | 2,300,050,300 | 6,089,600 | 172,700 | 155,319,100 | 236,326,800 | 52,458,100 | 2,801,451,500 | 3,552,455 | 2,805,003,955 | 5,150,707,129 | 1.976 |
| 2008 | 52,196,600 | 2,322,318,300 | 6,381,200 | 173,100 | 154,714,800 | 235,076,800 | 45,146,400 | 2,816,007,200 | 3,451,817 | 2,819,459,017 | 5,436,261,777 | 2.025 |
| 2009 | 47,408,700 | 2,344,737,600 | 6,809,300 | 174,500 | 155,571,200 | 233,776,700 | 45,146,400 | 2,833,624,400 | 3,528,121 | 2,837,152,521 | 5,611,334,177 | 2.089 |
| 2010 | 45,934,800 | 2,349,791,700 | 6,809,300 | 174,500 | 157,443,300 | 226,360,400 | 45,146,400 | 2,831,680,400 | 3,614,059 | 2,835,294,459 | 5,455,277,462 | 2.163 |
| 2011 | 43,282,600 | 2,350,094,700 | 6,117,500 | 174,500 | 158,075,000 | 225,728,500 | 45,046,400 | 2,828,344,700 | 2,969,737 | 2,831,314,437 | 5,171,193,594 | 2.216 |
| 2012 ^b | 75,191,000 | 3,716,335,500 | 10,063,100 | 175,500 | 260,454,200 | 378,834,700 | 77,158,000 | 4,518,212,000 | 4,878,055 | 4,523,090,055 | 5,028,168,356 | 1.403 |

Source: County Abstract of Ratables

^a Tax rates are per \$100

^b The Township underwent a revaluation of real properties which became effective in 2012.

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

| Calendar Year | Total Direct School Tax Rate | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|------------------|------------------------------------|-------------------|--------------|----------|---|
| | | Fire District | Municipality | County | |
| 2003 | \$ 1.550 | \$ 0.050 | \$ 0.440 | \$ 0.370 | \$ 2.410 |
| 2004 | 1.665 | 0.060 | 0.471 | 0.394 | 2.590 |
| 2005 | 1.781 | 0.060 | 0.546 | 0.413 | 2.800 |
| 2006 | 1.895 | 0.060 | 0.585 | 0.420 | 2.960 |
| 2007 | 1.976 | 0.060 | 0.619 | 0.431 | 3.086 |
| 2008 | 2.025 | 0.064 | 0.662 | 0.449 | 3.200 |
| 2009 | 2.089 | 0.064 | 0.674 | 0.450 | 3.277 |
| 2010 | 2.163 | 0.064 | 0.684 | 0.440 | 3.351 |
| 2011 | 2.216 | 0.064 | 0.694 | 0.430 | 3.404 |
| 2012 (a) | 1.403 | 0.118 | 0.444 | 0.274 | 2.239 |

Source: County Abstract of Ratables

(a) : The Borough underwent a revaluation of real properties which became effective in 2012.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

| Taxpayer | 2012 | | 2003 | |
|--------------------------------|------------------------|--|------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Pernwil Assoc. | \$ 75,000,500 | 1.66% | 50,726,900 | 1.84% |
| 19 Chapin C/O AEW Capital Mgmt | 56,900,500 | 1.26% | | |
| Newark Morning Ledger | 20,736,600 | 0.46% | 17,000,000 | 0.62% |
| Jane Milwe | 18,969,000 | 0.42% | 11,900,000 | 0.43% |
| O'Dowd's, Inc. | 16,717,000 | 0.37% | 13,962,600 | 0.51% |
| Bayer Healthcare | 16,437,000 | 0.36% | | |
| Triangle 46 Prop LLC | 16,150,500 | 0.36% | | |
| O'Dowd's, Inc. | 15,222,000 | 0.34% | 13,000,000 | 0.47% |
| Bayer Healthcare | 13,902,000 | 0.31% | | |
| O'Dowd's, Inc. | 13,442,000 | 0.30% | 12,396,800 | 0.45% |
| KDM Realty | | | 36,025,900 | 1.31% |
| Karczynski | | | 10,868,000 | 0.40% |
| Parsippany Corporate Center | | | 10,716,300 | 0.39% |
| Berlex Labs | - | - | 10,410,900 | 0.38% |
| | <u>\$ 263,477,100</u> | <u>5.83%</u> | <u>187,007,400</u> | <u>6.80%</u> |

Source: Municipal Tax Assessor

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|--|---|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2003 | \$ 41,319,462 | \$ 41,319,462 | 100.00% | N/A |
| 2004 | 43,926,409 | 43,926,409 | 100.00% | N/A |
| 2005 | 48,319,526 | 48,319,526 | 100.00% | N/A |
| 2006 | 51,116,012 | 51,116,012 | 100.00% | N/A |
| 2007 | 54,898,660 | 54,898,660 | 100.00% | N/A |
| 2008 | 55,966,878 | 55,966,878 | 100.00% | N/A |
| 2009 | 58,182,889 | 58,182,889 | 100.00% | N/A |
| 2010 | 60,352,381 | 60,352,381 | 100.00% | N/A |
| 2011 | 62,255,176 | 60,067,241 | 96.49% | \$ 2,187,935 |
| 2012 | 63,185,837 | 63,185,837 | 100.00% | N/A |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Governmental Activities | | Total District | Population | Per Capita |
|-------------------------------------|--------------------------------|-----------------------------|----------------|------------|------------|
| | General Obligation Bonds | Business-Type Activities | | | |
| 2003 | \$ 31,341,000 | | \$ 31,341,000 | 21,080 | \$ 1,487 |
| 2004 | 30,231,000 | | 30,231,000 | 21,121 | 1,431 |
| 2005 | 29,507,000 | | 29,507,000 | 21,106 | 1,398 |
| 2006 | 28,352,000 | | 28,352,000 | 20,994 | 1,350 |
| 2007 | 27,275,000 | | 27,275,000 | 20,939 | 1,303 |
| 2008 | 25,730,000 | | 25,730,000 | 20,952 | 1,228 |
| 2009 | 24,225,000 | | 24,225,000 | 21,000 | 1,154 |
| 2010 | 22,665,000 | | 22,665,000 | 21,547 | 1,052 |
| 2011 | 21,060,000 | | 21,060,000 | 21,648 | 973 |
| 2012 | 19,395,000 | | 19,395,000 | 21,648 * | 896 |

* - Estimated

Source: District records

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------------------------------|---------------------------------|------------|---|---|------------|
| | General Obligation Bonds | Deductions | | | |
| 2003 | \$ 31,341,000 | | \$ 31,341,000 | 1.14% | \$ 1,487 |
| 2004 | 30,231,000 | | 30,231,000 | 1.09% | 1,431 |
| 2005 | 29,507,000 | | 29,507,000 | 1.06% | 1,398 |
| 2006 | 28,352,000 | | 28,352,000 | 1.01% | 1,350 |
| 2007 | 27,275,000 | | 27,275,000 | 0.92% | 1,303 |
| 2008 | 25,730,000 | | 25,730,000 | 0.91% | 1,228 |
| 2009 | 24,225,000 | | 24,225,000 | 0.85% | 1,154 |
| 2010 | 22,665,000 | | 22,665,000 | 0.80% | 1,052 |
| 2011 | 21,060,000 | | 21,060,000 | 0.74% | 973 |
| 2012 | 19,395,000 | | 19,395,000 | 0.43% | 896 |

Source: District records

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
(Unaudited)

| | |
|---|----------------------|
| Municipal Debt: (1) | |
| Montville Township Public Schools (as of June 30, 2012) | \$ 19,395,000 |
| Township of Montville | <u>27,502,874</u> |
| | <u>46,897,874</u> |
| Overlapping Debt Apportioned to the Municipality: | |
| County of Morris (A) | 14,199,760 |
| Fire Districts | <u>1,925,468</u> |
| | <u>16,125,228</u> |
| Total Direct and Overlapping Debt | <u>\$ 63,023,102</u> |

Source:
(1) Township's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to Montville Township Public Schools by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Morris County.

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt limit | \$125,523,717 | \$139,084,624 | \$154,050,493 | \$170,660,008 | \$187,615,990 | \$202,472,399 | \$214,523,636 | \$218,808,192 | \$215,740,203 | \$208,476,565 |
| Total net debt applicable to limit | 31,341,000 | 31,047,912 | 30,323,912 | 28,758,181 | 27,661,181 | 26,116,181 | 24,883,341 | 22,665,000 | 21,060,000 | 19,395,000 |
| Legal debt margin | \$94,182,717 | \$108,036,712 | \$123,726,581 | \$141,921,827 | \$159,954,809 | \$176,356,218 | \$189,640,295 | \$196,143,192 | \$194,680,203 | \$189,081,565 |
| Total net debt applicable to the limit as a percentage of debt limit | 24.97% | 22.32% | 19.68% | 16.84% | 14.74% | 12.90% | 11.60% | 10.36% | 9.76% | 9.30% |

Legal Debt Margin Calculation for Fiscal Year 2012

| | |
|---|--------------------------|
| Equalized valuation basis | |
| 2011 | \$ 5,028,168,356 |
| 2010 | 5,163,530,999 |
| 2009 | 5,444,043,036 |
| | <u>\$ 15,635,742,391</u> |
| Average equalized valuation of taxable property | \$ 5,211,914,130 |
| Debt limit (4% of average equalization value) | 208,476,565 |
| Total Net Debt Applicable to Limit | <u>19,395,000</u> |
| Legal debt margin | <u>\$ 189,081,565</u> |

Source: Annual Debt Statements

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Year</u> | <u>Population</u> | <u>County Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|-------------------|--|------------------------------|
| 2003 | 21,080 | \$ 56,804 | 5.90% |
| 2004 | 21,121 | 60,780 | 4.80% |
| 2005 | 21,106 | 62,930 | 1.90% |
| 2006 | 20,994 | 67,918 | 1.90% |
| 2007 | 20,939 | 71,191 | 1.80% |
| 2008 | 20,952 | 74,025 | 2.30% |
| 2009 | 21,000 | 67,614 | 4.10% |
| 2010 | 21,547 | 69,811 | 4.10% |
| 2011 | 21,648 | not available | 4.00% |
| 2012 | 21,648 * | not available | not available |

* - Estimate

Source: New Jersey State Department of Education

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)**

| <u>Employer</u> | <u>2012</u> | | <u>2003</u> | |
|-----------------|------------------|---|------------------|---|
| | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> |

INFORMATION NOT AVAILABLE

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(Unaudited)

| <u>Function/Program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | |
| Regular | 290 | 265 | 331 | 333 | 342 | 272 | 273 |
| Special education | 67 | 73 | 78 | 71 | 69 | 121 | 92 |
| Other instruction | 13 | 12 | 49 | 35 | 31 | 3 | 3 |
| School Sponsored Activities/Athletics | 67 | 69 | 3 | 3 | 3 | 2 | 2 |
| Support Services: | | | | | | | |
| Student & instruction related services | 135 | 91 | 71 | 104 | 84 | 86 | 147 |
| General administration | 5 | 5 | 6 | 5 | 5 | 6 | 6 |
| School administrative services | 28 | 27 | 29 | 27 | 27 | 22 | 25 |
| Central services | 15 | 15 | 13 | 13 | 14 | 15 | 15 |
| Plant operations and maintenance | 69 | 57 | 89 | 84 | 67 | 33 | 35 |
| Total | <u>689</u> | <u>614</u> | <u>669</u> | <u>675</u> | <u>642</u> | <u>560</u> | <u>598</u> |

Source: District Personnel Records

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Teacher/Pupil Ratio

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Teaching Staff | Teacher/Pupil Ratio | | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|---------------------|---------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | Senior High School | | | | |
| 2003 | 3,798 | \$ 43,198,103 | \$ 11,374 | 6.71% | 359 | 1:19 | 1:14 | 1:12 | 3,798 | 3,637 | 2.84% | 95.76% |
| 2004 | 3,938 | 47,478,023 | 12,056 | 6.00% | 367 | 1:20 | 1:13 | 1:12 | 3,938 | 3,769 | 3.69% | 95.71% |
| 2005 | 3,932 | 53,175,839 | 13,455 | 11.60% | 369 | 1:20 | 1:12 | 1:13 | 3,952 | 3,775 | 0.36% | 95.52% |
| 2006 | 4,163 | 56,122,958 | 13,481 | 0.19% | 370 | 1:20 | 1:12 | 1:11 | 4,131 | 3,964 | 4.53% | 95.96% |
| 2007 | 4,205 | 61,652,882 | 14,662 | 8.76% | 350 | 1:17 | 1:12 | 1:14 | 4,202 | 4,023 | 1.72% | 95.74% |
| 2008 | 4,303 | 63,828,581 | 14,834 | 1.17% | 363 | 1:10 | 1:12 | 1:14 | 4,261 | 4,083 | 1.40% | 95.82% |
| 2009 | 4,264 | 64,440,236 | 15,113 | 1.88% | 397 | 1:10 | 1:11 | 1:11 | 4,231 | 4,061 | -0.70% | 95.98% |
| 2010 | 4,288 | 65,991,962 | 15,390 | 1.83% | 368 | 1:10 | 1:12 | 1:13 | 4,263 | 4,092 | 0.76% | 95.99% |
| 2011 | 4,271 | 65,326,748 | 15,295 | -0.61% | 356 | 1:17 | 1:15 | 1:15 | 4,218 | 4,039 | -1.06% | 95.76% |
| 2012 | 4,166 | 66,719,325 | 16,015 | 4.71% | 351 | 1:17 | 1:14 | 1:14 | 4,140 | 3,992 | -1.85% | 96.43% |

Sources: District records

Note: a Enrollment based on annual October district count.

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

c Cost per pupil represents operating expenditures divided by enrollment.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS
(Unaudited)**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---------|---------|---------|---------|---------|---------|---------|
| <u>District Building</u> | | | | | | | |
| <u>Elementary</u> | | | | | | | |
| <u>Cedar Hill Elementary</u> | | | | | | | |
| Square Feet | 42,765 | 42,765 | 46,262 | 46,262 | 46,262 | 46,262 | 46,262 |
| Capacity (students) | 437 | 437 | 437 | 437 | 437 | 437 | 437 |
| Enrollment | 386 | 375 | | 381 | 384 | 394 | 381 |
| <u>Hilldale Elementary</u> | | | | | | | |
| Square Feet | 37,124 | 37,124 | 37,055 | 37,055 | 37,055 | 37,055 | 37,055 |
| Capacity (students) | 423 | 423 | 423 | 423 | 423 | 423 | 423 |
| Enrollment ^a | 368 | 368 | | 375 | 392 | 390 | 371 |
| <u>William Mason Elementary</u> | | | | | | | |
| Square Feet | 37,516 | 37,516 | 37,031 | 37,031 | 37,031 | 37,031 | 37,031 |
| Capacity (students) | 351 | 351 | 351 | 351 | 351 | 351 | 351 |
| Enrollment | 374 | 369 | | 365 | 340 | 315 | 308 |
| <u>Valley View Elementary</u> | | | | | | | |
| Square Feet | 50,058 | 50,058 | 54,725 | 54,725 | 54,725 | 54,725 | 54,725 |
| Capacity (students) | 490 | 490 | 490 | 490 | 490 | 490 | 490 |
| Enrollment ^a | 453 | 441 | | 375 | 424 | 399 | 410 |
| <u>Woodmont Elementary</u> | | | | | | | |
| Square Feet | 37,002 | 37,002 | 43,062 | 43,062 | 43,062 | 43,062 | 43,062 |
| Capacity (students) | 383 | 383 | 383 | 383 | 383 | 383 | 383 |
| Enrollment | 366 | 364 | | 353 | 360 | 367 | 342 |
| <u>Robert R. Lazar Middle School</u> | | | | | | | |
| Square Feet | 115,285 | 115,285 | 106,682 | 106,682 | 106,682 | 106,682 | 106,682 |
| Capacity (students) | 897 | 897 | 897 | 897 | 897 | 897 | 897 |
| Enrollment | 1,000 | 1,024 | | 1,034 | 1,033 | 685 | 964 |
| <u>Montville High School</u> | | | | | | | |
| Square Feet | 199,592 | 199,592 | 222,515 | 222,515 | 222,515 | 222,515 | 22,515 |
| Capacity (students) | 1,428 | 1,428 | 1,428 | 1,428 | 1,428 | 1,428 | 1,428 |
| Enrollment | 1,142 | 1,215 | | 1,265 | 1,340 | 1,368 | 1,364 |

Number of Schools at June 30, 2012

Elementary = five

Middle School = one

Senior High School = one

Source: District Records

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| School Facilities | | | | | | | | | | |
| Cedar Hill School | \$ 26,784 | \$ 25,325 | \$ 35,962 | \$ 27,019 | \$ 34,152 | \$ 69,651 | \$ 67,006 | \$ 76,923 | \$ 76,663 | \$ 76,303 |
| Hilldale School | 28,140 | 55,161 | 33,045 | 26,499 | 62,206 | 55,789 | 53,670 | 61,614 | 61,405 | 61,117 |
| William Mason School | 19,652 | 32,935 | 14,097 | 20,139 | 35,369 | 55,753 | 53,636 | 61,574 | 61,366 | 61,078 |
| Valley View School | 28,786 | 35,777 | 20,739 | 50,477 | 42,820 | 82,393 | 79,263 | 90,994 | 102,873 | 90,262 |
| Woodmont School | 36,697 | 31,636 | 27,566 | 25,382 | 41,744 | 64,833 | 62,371 | 71,602 | 71,361 | 71,026 |
| Robert R. Lazar Middle School | 28,189 | 39,539 | 84,406 | 97,795 | 71,467 | 160,618 | 154,518 | 177,387 | 176,789 | 175,959 |
| High School | 72,243 | 54,946 | 101,119 | 130,392 | 139,062 | 335,013 | 310,726 | 369,989 | 368,742 | 367,011 |
| Total School Facilities | 240,491 | 275,119 | 316,934 | 377,703 | 426,820 | 824,050 | 781,190 | 910,083 | 919,199 | 902,756 |
| Other Facilities | 7,182 | 2,946 | 5,370 | 6,359 | 6,218 | 9,786 | 9,415 | 10,807 | 10,772 | 10,722 |
| Grand Total | \$ 247,673 | \$ 278,065 | \$ 322,304 | \$ 384,062 | \$ 433,038 | \$ 833,836 | \$ 790,605 | \$ 920,890 | \$ 929,971 | \$ 913,478 |

Source: District Records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)**

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| Property - Blanket Building & Contents | \$ 113,411,397 | \$ 5,000 |
| Comprehensive General Liability(Each Occurrence) | 1,000,000 | |
| Comprehensive Crime Coverage - Employee Theft | 500,000 | 5,000 |
| Comprehensive Crime Coverage - Forgery or Alteration | 50,000 | 1,000 |
| Faithful Performance of Duty Coverage for Government Employees | 250,000 | 5,000 |
| Boiler and Machinery | | |
| Property Damage | 100,000,000 | 1,000 |
| School Board Legal Liability | | |
| Limit of Liability | 1,000,000 | 10,000 |
| Employment Practices Liability | 1,000,000 | |
| Public Officials Bonds | | |
| Board Secretary/Business Administrator | 200,000 | |
| Commercial Automobile - Liability | 1,000,000 | 1,000 |

Source: District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
Montville Township Public Schools
Montville, 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 Montville Township Public Schools as of and for the fiscal year ended June 30, 2012, which collectively comprise the Montville Township Public Schools' basic financial statements and have issued our report thereon dated November 28, 2012. 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.

Internal Control Over Financial Reporting

Management of the Montville Township Public Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Montville Township Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Montville Township Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Montville Township Public Schools' 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 Montville Township Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 previously.

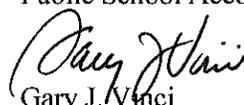
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Montville Township Public Schools' 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.

We noted certain matters that we have reported to management of the Montville Township Public Schools in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 28, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary J. Vinci
 Public School Accountant
 PSA Number CS00829

Fair Lawn, New Jersey
 November 28, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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 CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
Montville Township Public Schools
Montville, New Jersey

Compliance

We have audited the Montville Township Public Schools' compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Montville Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2012. Montville Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Montville Township Public Schools' management. Our responsibility is to express an opinion on Montville Township Public Schools' compliance based on our audit.

We conducted our audit of compliance 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 or state program occurred. An audit includes examining, on a test basis, evidence about Montville Township Public Schools' 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 Montville Township Public Schools' compliance with those requirements.

In our opinion, Montville Township Public Schools 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 fiscal year ended June 30, 2012.

Internal Control Over Compliance

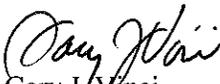
Management of Montville Township Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Montville Township Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the 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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance 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 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 Board of Trustees, others within the District, 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.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary J. Vinci
 Public School Accountant
 PSA Number CS00829

Fair Lawn, New Jersey
 November 28, 2012

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| Federal CFDA Number | Federal/Grantor/Pass-Through Grantor/ Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance July 1, 2011 | Carryover Amount | Cash Received | Budgetary Expenditures | Accounts Receivable Carryover | Adjustments | Refund of Prior Year Balances | (Accounts Receivable) | Balance, June 30, 2012 Deferred Revenues | Due to Grantor | MEMO GAAP Receivable | |
|---------------------------|---|----------------------------------|-----------------|-----------------|-------------------------|---------------------|------------------|---------------------------|-------------------------------------|-------------|-------------------------------------|--------------------------|--|-------------------|----------------------------|---------|
| 84.410A | U.S. Department of Education Passed-through State Department of Education | N/A | 7/1/11-6/30/12 | \$ 110,091 | - | - | \$ 101,113 | \$ 110,091 | - | - | - | \$ (8,978) | - | - | \$ 8,978 | |
| | General Fund | | | | | | | | | | | | | | | |
| | Education Jobs Fund | | | | | | | | | | | | | | | |
| | Special Revenue Funds: | | | | | | | | | | | | | | | |
| 84.027 | IDEA Part B, Basic | FT-3340-12 | 9/1/11-8/31/12 | 822,184 | | \$ 17,738 | 671,011 | 817,860 | \$ (17,738) | | | (168,911) | \$ 22,062 | | 146,849 | |
| 84.027 | IDEA Part B, Basic | FT-3340-11 | 9/1/10-8/31/11 | 803,951 | \$ (79,169) | (17,738) | 125,313 | 46,144 | 17,738 | | \$ 13,486 | | | | | |
| 84.027 | IDEA Part B, Basic, Carryover | FT-3340-07 | 9/1/06-8/31/07 | 738,292 | 13,486 | | | | | | 1,830 | | | | | |
| 84.027 | IDEA Part B, Basic | FT-3340-06 | 9/1/05-8/31/06 | 676,665 | 1,830 | | | | | | 10,902 | | | | | |
| 84.027 | IDEA Part B, Basic | FT-3340-05 | 9/1/04-8/31/05 | 649,891 | 10,902 | | | | | | | | | | | |
| 84.391 | ARRA - IDEA Part B, Basic | FT-3340-10 | 9/1/09-8/31/11 | 942,090 | (406,108) | | 574,584 | 168,476 | | | | (543) | | | 543 | |
| 84.173 | IDEA Preschool | FT-3340-12 | 9/1/11-8/31/12 | 29,562 | (1,000) | | 29,019 | 29,562 | | | | | | | | |
| 84.173 | IDEA Preschool | FT-3340-11 | 9/1/10-8/31/11 | 29,592 | | | 1,000 | | | | 594 | | | | | |
| 84.173 | IDEA Preschool, Carryover | FT-3340-07 | 9/1/06-8/31/07 | 24,683 | 594 | | | | | | 198 | | | | | |
| 84.173 | IDEA Preschool | FT-3340-06 | 9/1/05-8/31/06 | 22,567 | 198 | | | | | | 187 | | | | | |
| 84.173 | IDEA Preschool | FT-3340-05 | 9/1/04-8/31/05 | 21,178 | 187 | | | | | | | | | | | |
| 84.392 | ARRA - IDEA Preschool | FT-3340-10 | 9/1/09-8/31/10 | 34,100 | (8,810) | | 18,589 | 9,779 | | | | | | | | |
| 84.010 | NCLB Title I | NCLB334003C | 9/1/11-8/31/12 | 140,741 | | 32,224 | 102,050 | 141,336 | (32,224) | | | (70,915) | 31,629 | | 39,286 | |
| 84.010 | NCLB - Title I | NCLB334003C | 9/1/10-8/31/11 | 143,316 | (34,833) | (32,224) | 34,833 | | | | | | | | | |
| 84.010 | NCLB334003C | NCLB334003C | 9/1/09-8/31/10 | 154,015 | (153,067) | | 153,067 | | | | | | | | | |
| 84.010 | NCLB334003C | NCLB334003C | 9/1/08-8/31/09 | 172,060 | (8,025) | | 8,025 | | | | 2,031 | | | | 252 | |
| 84.367 | NCLB Title IA | NCLB334003C | 9/1/11-8/31/12 | 50,950 | | 59,734 | 22,755 | 59,734 | (59,734) | | | (87,029) | 16,580 | | 70,449 | |
| 84.367 | NCLB - Title IA | NCLB334003C | 9/1/10-8/31/11 | 59,734 | (6,240) | (59,734) | 7,325 | | | | (1,085) | | | | | |
| 84.367 | NCLB334003C | NCLB334003C | 9/1/09-8/31/10 | 59,334 | (1,877) | | 5,895 | | | | (4,018) | | | | | |
| 84.367 | NCLB334003C | NCLB334003C | 9/1/08-8/31/09 | 62,811 | 2,031 | | | | | | | | | | | |
| 84.318 | NCLB Title IB | NCLB334003C | 9/1/11-8/31/12 | 252 | | 252 | 252 | 252 | (252) | | | (252) | | | | |
| 84.318 | NCLB - Title IB | NCLB334003C | 9/1/10-8/31/11 | 252 | (1,416) | (252) | 195 | 195 | 252 | | | | | | | |
| 84.318 | NCLB334003C | NCLB334003C | 9/1/09-8/31/10 | 1,611 | (362) | | 362 | | | | | | | | | |
| 84.318 | NCLB - Title IB | NCLB334003C | 9/1/08-8/31/09 | 1,446 | 202 | | | | | | | | | | | |
| 84.318 | NCLB334003C | NCLB334003C | 9/1/05-8/31/06 | 3,111 | (1,905) | 10,189 | 8,915 | 13,694 | (10,189) | 202 | | (18,695) | 13,916 | | 4,779 | |
| 84.365 | NCLB Title III | NCLB334003C | 9/1/11-8/31/12 | 17,421 | | (10,189) | 1,905 | 4,296 | 10,189 | | | | | | | |
| 84.186 | NCLB - Title III | NCLB334003C | 9/1/10-8/31/11 | 12,094 | (1,905) | | 4,296 | 8,278 | | | | | | | | |
| 84.186 | NCLB334003C | NCLB334003C | 9/1/09-8/31/10 | 8,423 | (5,366) | | 6,265 | | | | 3,982 | | | | | |
| 84.186 | NCLB - Title IV | NCLB334003C | 9/1/09-8/31/10 | 9,417 | 484 | | | | | | (899) | | | | | |
| 84.298 | NCLB Title V | T293B100153 | 6/1/10-5/31/13 | 297,200 | | | 170,149 | 212,765 | | | | (127,051) | 84,435 | | 42,616 | |
| 84.293B | FLAP Grant | T293B100153 | 6/1/10-5/31/13 | 180,131 | (74,990) | | 77,051 | 2,061 | | | | (28,475) | 28,475 | | | |
| 84.293B | FLAP Grant | T293B100153 | 6/1/10-5/31/13 | 180,131 | | | | | | | | | | | | |
| | Total Special Revenue Fund | | | | (753,254) | | 2,024,020 | 1,543,606 | | (2,020) | 29,914 | (501,871) | 197,097 | | 304,774 | |
| | U.S. Department of Education Passed-through State Department of Education Enterprise Fund: | | | | | | | | | | | | | | | |
| 10.556 | Special Milk Program | N/A | 7/1/11-6/30/12 | 16,855 | | | 15,355 | 16,855 | | | | (1,500) | | | 1,500 | |
| 10.556 | Special Milk Program | N/A | 7/1/10-6/30/11 | 19,806 | (1,730) | | 1,730 | | | | | | | | | |
| | Total Enterprise Fund | | | | (1,730) | | 17,085 | 16,855 | | | | (1,500) | | | 1,500 | |
| | Total Federal Financial Awards | | | \$ | (754,984) | \$ | 2,142,218 | 1,670,552 | \$ | (2,020) | \$ | (512,349) | \$ | 197,097 | \$ | 315,252 |

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Deferred Revenue/ (Accis Rec.) | Due to Grantor | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustment | Refund of Prior Year Balances | June 30, 2012 | | MEMO | | |
|--|-------------------------------|----------------|--------------|--------------------------------|----------------|------------------|---------------|------------------------|------------|-------------------------------|-----------------------|------------------|-----------------|-------------------------------|-----------|
| | | | | | | | | | | | (Accounts Receivable) | Deferred Revenue | GAAP Receivable | Cumulative Total Expenditures | |
| State Department of Education General Fund: | | | | | | | | | | | | | | | |
| Special Education Aid | 12-495-034-5120-089 | 7/1/11-6/30/12 | \$ 1,308,699 | | | | \$ 1,200,943 | \$ 1,308,699 | | | | \$ (107,756) | \$ 1,308,699 | | |
| Extraordinary Aid | 12-100-034-5120-473 | 7/1/11-6/30/12 | 1,120,282 | | | | | 1,120,282 | | | | (1,120,282) | 1,120,282 | | |
| Extraordinary Aid | 11-100-034-5120-473 | 7/1/10-6/30/11 | 733,760 | \$ (733,760) | | | 733,760 | | | | | | | | |
| Nonpublic Transportation Reimbursement | not available | 7/1/11-6/30/12 | 46,372 | | | | | 46,372 | | | | (46,372) | 46,372 | | |
| Nonpublic Transportation Reimbursement | 11-495-034-5095-006 | 7/1/10-6/30/11 | 46,707 | (46,707) | | | 46,707 | | | | | | | | |
| On Behalf TPAF Pension Contribution | 11-495-034-5095-007 | 7/1/11-6/30/12 | 855,836 | | | | 855,836 | | | | | | 855,836 | | |
| On Behalf TPAF Pension Contribution - NCGI | 11-495-034-5095-001 | 7/1/11-6/30/12 | 91,843 | | | | 91,843 | | | | | | 91,843 | | |
| On Behalf TPAF Post Retirement Medical Contr. | 11-495-034-5095-001 | 7/1/11-6/30/12 | 1,905,081 | | | | 1,905,081 | | | | | | 1,905,081 | | |
| On Behalf TPAF Social Security Contributions | 12-495-034-5095-002 | 7/1/11-6/30/12 | 2,287,412 | | | | 2,173,298 | 2,287,412 | | | | (114,114) | 2,287,412 | | |
| On Behalf TPAF Social Security Contributions | 11-495-034-5095-002 | 7/1/10-6/30/11 | 2,304,121 | (114,914) | | | 114,914 | | | | | | | | |
| Total General Fund | | | | (895,381) | | | 2,122,382 | 7,615,525 | | | | (1,388,524) | | (180,489) | 7,615,525 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Character Education Aid | 06-495-034-5120-053 | 7/1/05-6/30/06 | 10,687 | 35 | | | | | \$ (35) | | | | | | |
| New Jersey Nonpublic Aid | 12-100-034-5120-064 | 7/1/11-6/30/12 | 17,987 | | | | 17,987 | 17,402 | | | | | 17,402 | | |
| Textbook Aid | 11-100-034-5120-064 | 7/1/10-6/30/11 | 21,144 | \$ | 307 | | | | | \$ 307 | | | | | |
| Nursing Services | 12-100-034-5120-070 | 7/1/11-6/30/12 | 25,694 | | | | 25,694 | 25,694 | | | | | 25,694 | | |
| Auxiliary Services | 12-100-034-5120-067 | 7/1/11-6/30/12 | 14,117 | | | | 14,117 | 14,117 | | | | | 14,117 | | |
| Compensatory Education | 12-100-034-5120-067 | 7/1/11-6/30/12 | 3,362 | | | | 3,362 | 3,362 | | | | | 3,362 | | |
| ESL | 12-100-034-5120-067 | 7/1/11-6/30/12 | 1,218 | | | | | 1,218 | | | | | 1,218 | | |
| Home Instruction | | | | | | | | | | | | | | (1,218) | |
| Handicapped Services | | | | | | | | | | | | | | | |
| Examination and Classification | 12-100-034-5120-066 | 7/1/11-6/30/12 | 15,781 | | | | 15,781 | 11,915 | | | | | 11,915 | | |
| Examination and Classification | 11-100-034-5120-066 | 7/1/10-6/30/11 | 20,087 | | 6,693 | | | | | 6,693 | | | | | |
| Corrective Speech | 12-100-034-5120-066 | 7/1/11-6/30/12 | 14,217 | | | | 14,217 | 10,109 | | | | | 10,109 | | |
| Corrective Speech | 11-100-034-5120-066 | 7/1/10-6/30/11 | 15,646 | | 2,347 | | | | | 2,347 | | | | | |
| Supplemental Instruction | 12-100-034-5120-066 | 7/1/11-6/30/12 | 10,523 | | | | 10,523 | 7,717 | | | | | 7,717 | | |
| Supplemental Instruction | 11-100-034-5120-066 | 7/1/10-6/30/11 | 9,241 | | 209 | | | | | 209 | | | | | |
| Governors Grant | 27-5340-09000035 | 7/1/07-6/30/08 | | 20,731 | | | | | | | | | | | |
| Total Special Revenue Fund | | | | 20,766 | | | 101,681 | 91,534 | (35) | 9,556 | | (1,218) | 20,731 | (1,218) | 91,534 |
| Debt Service Fund: | | | | | | | | | | | | | | | |
| Debt Service Aid- Type II | 12-100-034-5120-075 | 7/1/11-6/30/12 | 184,858 | | | | 184,858 | 184,858 | | | | | | | 184,858 |
| Total Debt Service Fund | | | | | | | 184,858 | 184,858 | | | | | | | 184,858 |

Continued

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance, July 1, 2011 | | Due to Grantor | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustment | Refund of Prior Year Balances | June 30, 2012 | | Due to Grantor | MEMO | | |
|---|-------------------------------|--------------|------------------|----------------------------------|----------------|----------------|------------------|------------------|------------------------|------------|-------------------------------|-----------------------|------------------|----------------|-----------------|-------------------------------|------------------|
| | | | | Deferred Revenue/ (Accrued Rec.) | Due to Grantor | | | | | | | (Accounts Receivable) | Deferred Revenue | | GAAP Receivable | Cumulative Total Expenditures | |
| Capital Projects Fund: | | | | | | | | | | | | | | | | | |
| State Economic Development Authority | | | | | | | | | | | | | | | | | |
| Educational Facilities Construction & Financing Act (Schools Construction Corp.): | | | | | | | | | | | | | | | | | |
| Cedar Hill School- Boiler replacement | 3340-030-05-1000 | | \$ 428,226 | (262,459) | | | | | | | | | | | | | |
| Lazar Middle School Classroom Conversion | 3340-030-04-1000 | | 55,834 | (746) | | | | | | | | | | | | | |
| Hilldale School- Wall Demising | 3340-025-03-0850 | | 110,414 | (102,969) | | | | | | | | | | | | | |
| Cedar Hill School- Curain Wall | 3340-010-01-0478 | | 4,187,687 | (478,338) | | | | | \$ 16,824 | | | | | | | | |
| Lazar Middle School Gym Roof Replacement of Windows | 3340-03-09-OUAE | | 93,272 | (67,271) | | | | | | | | | | | | | |
| Montville High School | 3340-010-09-OUAA | | 184,033 | (126,079) | | | \$ 124,866 | | | | | | | | | | |
| Cedar Hill Elementary School | 3340-025-09-OUAC | | 23,068 | (10,835) | | | 10,293 | | | | | | | | | | |
| Hilldale Elementary School | 3340-025-09-OUAG | | 162,433 | (125,960) | | | 127,093 | | | | | | | | | | |
| Security System Upgrade | | | | | | | | | | | | | | | | | |
| Montville High School | 3340-010-09-OUAB | | 75,638 | (55,189) | | | | 19,984 | | | | | | | | | |
| Cedar Hill Elementary School | 3340-025-09-OUAD | | 49,704 | (36,256) | | | | 13,129 | | | | | | | | | |
| Robert R. Lazar Middle School | 3340-030-09-OUAF | | 50,868 | (37,105) | | | | 13,436 | | | | | | | | | |
| Hilldale Elementary School | 3340-030-09-OUAH | | 45,235 | (32,996) | | | | 11,948 | | | | | | | | | |
| Valley View Elementary | 3340-033-09-OUAI | | 47,983 | (35,002) | | | | 12,674 | | | | | | | | | |
| William Mason Elementary | 3340-065-09-OUAJ | | 42,805 | (31,224) | | | | 11,306 | | | | | | | | | |
| Woodmont Elementary | 3340-070-09-OUAK | | 45,708 | (33,342) | | | | 12,073 | | | | | | | | | |
| Montville High School Roof Replacement | 3340-010-09-1012 | | 610,137 | (452,191) | | | 452,900 | | | | | | | | | | |
| Lazar Middle School Roof Replacement | 3340-030-09-OZTF | | 314,885 | (252,898) | | | 66,844 | | | | | | | | | | |
| Hilldale Elementary School Roof Replacement | 3340-030-09-OZTG | | 296,952 | (228,077) | | | | 14 | | | | | | | | | |
| Total Capital Projects Fund | | | 6,996,896 | (2,476,162) | | | 781,996 | 111,474 | | | | | | | | | |
| Total State Financial Assistance | | | | (3,350,777) | | 9,556 | | 8,190,917 | 8,003,391 | | (33) | 9,556 | | 11,365 | | (2,536,202) | 6,266,334 |
| State Financial Assistance Programs Not Subject to Calculation for Single Audit and Major Program Determination | | | | | | | | | | | | | | | | | |
| Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination | | | | (3,350,777) | | 9,556 | | 8,190,917 | 8,003,391 | | (33) | 9,556 | | 11,365 | | (2,536,202) | 6,266,334 |

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using 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 Notes 1(C) to the District's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$494,278 for the general fund and an increase of \$3,499 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|---------------------|
| General Fund | \$ 110,091 | \$ 7,121,247 | \$ 7,231,338 |
| Special Revenue Fund | 1,547,105 | 91,534 | 1,638,639 |
| Capital Projects Fund | | 111,474 | 111,474 |
| Debt Service Fund | | 184,858 | 184,858 |
| Food Service Fund | 16,855 | - | 16,855 |
| | <u>1,674,051</u> | <u>7,509,113</u> | <u>9,183,164</u> |
| Total Financial Assistance | <u>\$ 1,674,051</u> | <u>\$ 7,509,113</u> | <u>\$ 9,183,164</u> |

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$2,287,412 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$947,679 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,905,081 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Were significant Deficiencies identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? yes X no

Identification of major programs:

| CFDA Number(s) | Name of Federal Program |
|----------------|-------------------------------|
| <u>84.027</u> | <u>IDEA Part B, Basic</u> |
| <u>84.391</u> | <u>ARRA-IDEA Part B Basic</u> |
| <u>84.173</u> | <u>IDEA Preschool</u> |
| <u>84.392</u> | <u>ARRA-IDEA Preschool</u> |

Dollar threshold used to determine Type A programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section III - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04

CURRENT YEAR FEDERAL AWARDS

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section III - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04

CURRENT YEAR STATE AWARDS

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.