

**SCHOOL DISTRICT  
OF  
THE TOWNSHIP OF MONTAGUE**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Montague School District  
Board of Education**

**Montague, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**Township of Montague School District  
Board of Education**

**Finance Department**

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## **INTRODUCTORY SECTION**

**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
MONTAGUE ELEMENTARY SCHOOL**

475 Route 206

Montague, NJ 07827

V: 973 293 7131 / F: 973 293 3391

[www.montagueschool.org](http://www.montagueschool.org)

**Janice L. Hodge**  
*Chief School Administrator/Principal*

**John W. Waycie**  
*Business Administrator/Bd. Secretary*

**Patricia Romyns**  
*Assistant to the Chief School Administrator*

**Christopher Gregory**  
*Assistant Principal*

December 9, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Montague Township School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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

The District provides a full range of educational services appropriate for preschool disabled and grade levels K through 12 with students in grades 7 through 12 being educated through sending-receiving relationships with the Port Jervis School District, Port Jervis, New York and the High Point Regional High School, Sussex, New Jersey. Additionally, students in grades 9 through 12 can attend Sussex County Technical School and there is also an optional 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> grade program at Sussex County Charter School for Montague resident students. Educational services include regular, vocational as well as special education for

The Honorable President and Members of  
the Board of Education  
Montague Township School District  
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educationally disabled youngsters. There are also several students enrolled at Kittatiny Regional School District through the School Choice Program. The District completed the 2014 -2015 fiscal year with a total number of Montague resident students, 486, enrolled at the various schools mentioned above.

2) MAJOR INITIATIVES: The Montague Board of Education continues to meet the educational needs of all Montague's children. The Board of Education has continuously reviewed all possible alternatives for transitioning Montague students back to New Jersey. The Board had multiple discussions with High Point Regional High School concerning a possible send/receive agreement for Montague's ninth through twelfth grade students. The outcome of these talks was the signing of a send/receive agreement between the districts this past year. The Board concurrently had several meetings with both the Lafayette School District and Frankford School District concerning establishing a send/receive agreement for Montague seventh and eighth grade students. These talks eventually did not lead to fruition and subsequently, in January 2014, the Board went to referendum for a \$13 million Middle School. When the referendum failed the Board changed the scope of the project for Montague to become a K-8 school district, during this process the project was scaled down to an estimated cost of \$3.2 million. The State has offered debt service aid which would reduce the taxpayer cost to \$2.5 million dollars. The 7<sup>th</sup> and 8<sup>th</sup> grade addition project was scheduled for a referendum on September 30, 2014. The referendum in September failed, at which time due to the decline in enrollment, the Board noticed the Commissioner that it intended to house its 7<sup>th</sup> and 8<sup>th</sup> graders in its current facilities and requested the Commissioner to confirm his prior withdrawal, so that the District may terminate its send-receive relationship with Port Jervis for its 7<sup>th</sup> and 8<sup>th</sup> graders and educate these students in the District starting for the 2015-2016 school year.

3) ECONOMIC CONDITION AND OUTLOOK: The Township is experiencing very slight growth in the area of residential development and expansion, with a stabilization of commercial properties. The Township has undergone a re-valuation of all properties. The revaluation resulted in the net valuation of property to go from \$223.1 million to \$358.6 million effective in 2015. This does not affect the school tax levy but did change the tax rates, resulting in some property owners seeing an increase in their total tax while others saw a decrease. The most pressing economic issue facing the school district is the amount of tuition which is paid out to various schools. In the 2015-2016 budget, \$3,049,381 is the projected cost of tuitions paid to other schools, approximately 33% of the total school budget. This continuous payment of tuitions will be slowly reduced in the immediate future with the projected return of 7<sup>th</sup> and 8<sup>th</sup> grade students. The Board needs to develop a master plan as to maximize the utilization of the savings generated in maintaining the current facilities.

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



The Honorable President and Members of  
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Montague Township School District  
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December 9, 2015

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

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

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

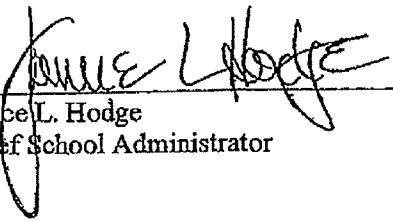
The District is a member of the New Jersey Schools Insurance Group ("NJSIG") which is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the pool is included in Note 11 to the Basic Financial Statements.

The Honorable President and Members of  
the Board of Education  
Montague Township School District  
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December 9, 2015

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Montague Board of Education 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.

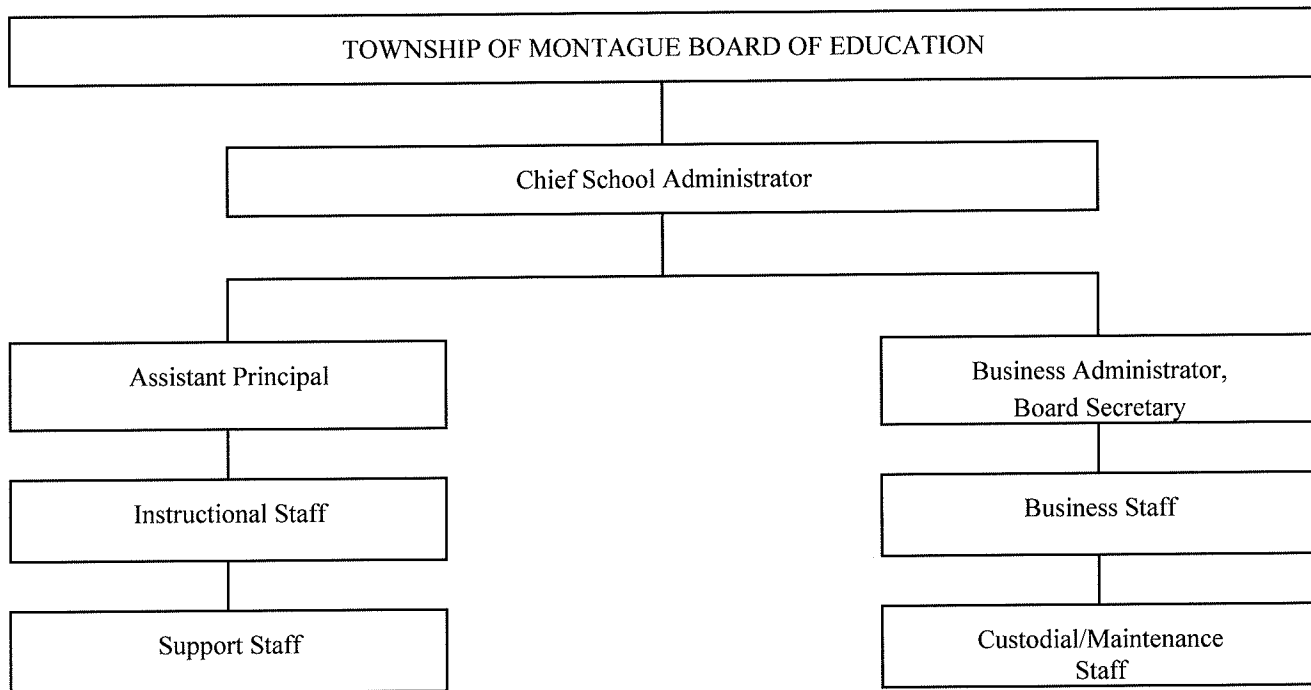
Respectfully submitted,

  
\_\_\_\_\_  
Janice L. Hodge  
Chief School Administrator

  
\_\_\_\_\_  
John W. Waycie  
Board Secretary/Business Administrator

Township of Montague Board of Education  
Montague, New Jersey 07827

**ORGANIZATIONAL CHART**



**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Tacia Johnson, President	2017
Sally Rogers Kurtzman, Vice President	2016
Diane Cole	2016
Debra Osborne	2016
Thomas Bolan	2015
George Geldeman	2015
Gayle Andriac	2017

<u>Other Officials</u>	<u>Title</u>
Janice L. Hodge	Chief School Administrator
John W. Waycie	School Business Administrator/Board Secretary
Michelle Lastarza	Treasurer of School Monies

**Montague Township School District  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856-1320  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860

**Attorneys**

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

Daggett & Kraemer, Attorneys at Law  
328 D Sparta Avenue  
Sparta, New Jersey 07871

**Official Depositories**

Sussex Bank  
399 Route 23  
Franklin, New Jersey 07416

State of New Jersey Cash Management Fund  
Division of Investment  
Department of the Treasury  
Trenton, New Jersey 08625

**FINANCIAL SECTION**



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Honorable President and Members  
of the Board of Education  
Montague Township School District  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montague Township School District, in the County of Sussex, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 19 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements 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 and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.



The Honorable President and Members  
of the Board of Education  
Montague Township School District  
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The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
December 9, 2015

NISIVOCCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant

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

**MONTAGUE TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

This section of Montague Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### **Financial Highlights**

- The District's net position status decreased by \$400,976 on a district-wide basis.
- Enrollment in the District declined by 40 students and cost per pupil increased by \$11,136.
- The District had a net decrease in its outstanding long-term debt of 8.66 percent.

### **Overview of the Financial Statements**

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

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

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

**Figure A-1**  
**Organization of the Montague Township School District's Financial Report**

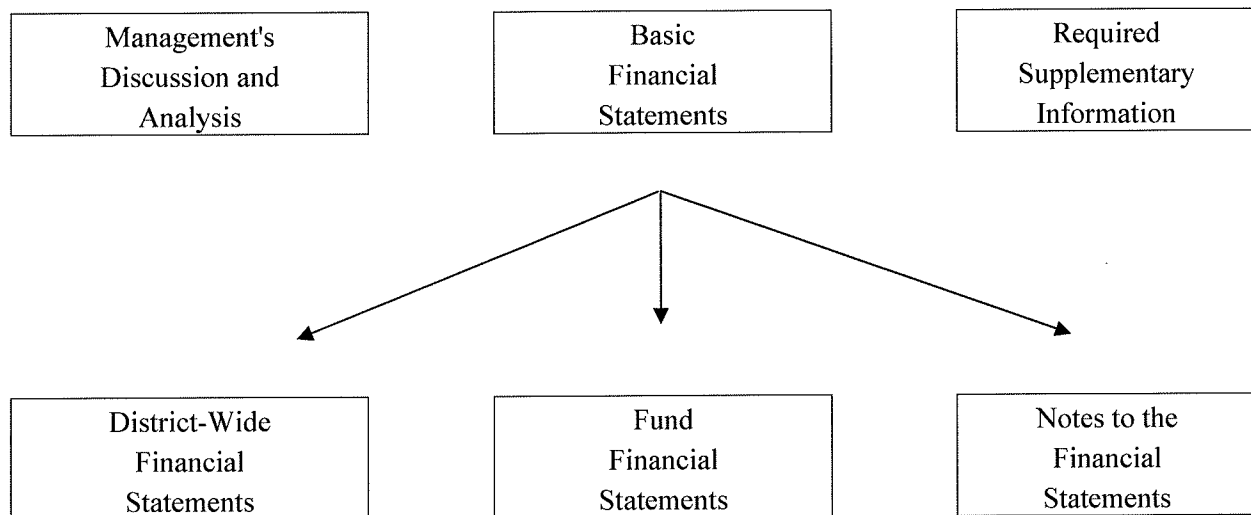


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

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

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

## District-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

## Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

## Notes to Basic Financial Statements

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

## Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position decreased by 27.66%. Net position from governmental activities decreased by \$404,814 and net position from business-type activities increased by \$3,838. Net investment in capital assets decreased by \$43,697, restricted net position increased by \$198,808 and unrestricted net position decreased by \$556,087.

**Figure A-3**  
**Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015	2014*	2015	2014	2015	2014*	2015
Current and Other Assets	\$ 1,319,425	\$ 1,155,942	\$ 42,446	\$ 49,195	\$ 1,361,871	\$ 1,205,137	13.01%
Capital Assets, Net	1,714,421	1,837,271	9,414	10,261	1,723,835	1,847,532	-6.70%
Total Assets	3,033,846	2,993,213	51,860	59,456	3,085,706	3,052,669	1.08%
Deferred Outflows of Resources	31,547				31,547		100.00%
Long-Term Debt Outstanding	1,219,989	1,335,705			1,219,989	1,335,705	-8.66%
Other Liabilities	778,057	248,654	7,263	18,697	785,320	267,351	193.74%
Total Liabilities	1,998,046	1,584,359	7,263	18,697	2,005,309	1,603,056	25.09%
Deferred Inflows of Resources	63,307				63,307		100.00%
Net Position:							
Net Investment in Capital Assets	1,635,421	1,678,271	9,414	10,261	1,644,835	1,688,532	-2.59%
Restricted	366,610	167,802			366,610	167,802	118.48%
Unrestricted	(997,991)	(437,219)	35,183	30,498	(962,808)	(406,721)	136.72%
Total Net Position	\$ 1,004,040	\$ 1,408,854	\$ 44,597	\$ 40,759	\$ 1,048,637	\$ 1,449,613	-27.66%

\* Restated

*Changes in Net Position.* The District's combined net position was \$1,048,637 on June 30, 2015, \$400,976 or 27.66% less than the prior year (See Figure A-3). Net investment in capital assets decreased by \$43,697 due to capital asset deletions net of accumulated depreciation of \$1,231 and \$122,466 in depreciation, offset by the payment of \$80,000 in bond principal.

Restricted net position increased by \$198,808 due to a transfer from unassigned fund balance of \$26,996 to capital reserve, interest of \$168 and a transfer from unassigned fund balance of \$171,644 to create an impact aid general fund reserve. Unrestricted net position decreased by \$556,087 due to \$266,289 of prior year extraordinary aid and excess nonpublic transportation aid appropriated from unassigned fund balance, \$171,644 transferred to impact aid general fund reserve, \$111,420 of fund balance utilized in the 2014-2015 year, difference in investments in pensions of \$59,786 and change in proportions in pensions of \$3,521; offset by change in net pension liability of \$25,026 and change in assumptions in pensions of \$31,547 (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2015
	2015	2014	2015	2014	2015	2014	
Revenue:							
Program Revenue:							
Charges for Services			\$ 14,718	\$ 17,416	\$ 14,718	\$ 17,416	-15.49%
Grants and Contributions:							
Operating	\$ 2,284,675	\$ 1,373,284	87,362	88,435	2,372,037	1,461,719	62.28%
General Revenue:							
Property Taxes	5,792,022	5,680,785			5,792,022	5,680,785	1.96%
Federal and State Aid Not Restricted	2,245,946	2,220,065			2,245,946	2,220,065	1.17%
Other	21,447	5,586	7	11	21,454	5,597	283.31%
Total Revenue	10,344,090	9,279,720	102,087	105,862	10,446,177	9,385,582	11.30%
Expenses:							
Instruction	3,905,067	3,490,983			3,905,067	3,490,983	11.86%
Pupil and Instruction Services	4,075,329	2,630,728			4,075,329	2,630,728	54.91%
Administrative and Business	626,576	664,884			626,576	664,884	-5.76%
Maintenance and Operations	538,050	590,550			538,050	590,550	-8.89%
Transportation	1,011,551	929,334			1,011,551	929,334	8.85%
Other	594,079	778,356	98,249	107,342	692,328	885,698	-21.83%
Total Expenses	10,750,652	9,084,835	98,249	107,342	10,848,901	9,192,177	18.02%
Transfer	1,748	-0-	-0-	-0-	1,748	-0-	0.00%
Increase/(Decrease) in Net Position	\$ (404,814)	\$ 194,885	\$ 3,838	\$ (1,480)	\$ (400,976)	\$ 193,405	-307.32%

*Revenue Sources.* The District's total revenue for the 2014/2015 school year was \$10,446,177 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$5,792,022 of the total, or 55.45 percent (See Figure A-5). Another 44.21 percent came from state and federal aid, 0.14 percent came from charges for services and the remainder from other miscellaneous sources. The Montague Township School District primarily conducts its operations from the revenue it receives from its local taxpayers.



**Figure A-5**  
**Sources of Revenue for Fiscal Year 2015**

Sources of Income:	<u>Amount</u>	<u>Percentage</u>
Grants and Contributions	\$ 2,372,037	22.71%
Property Taxes	5,792,022	55.45%
Unrestricted Federal and State Aid	2,245,946	21.50%
Charges for Services	14,718	0.14%
Other	21,454	0.20%
	<u>\$ 10,446,177</u>	<u>100.00%</u>

The total cost of all programs and services was \$10,848,901. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (82.88 percent) (See Figure A-6). The District's administrative and business activities accounted for 5.78 percent of total costs. It is important to note that depreciation of \$122,466 is included in expenses for the year.

**Figure A-6**  
**Expenses for Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 3,905,067	36.00%
Pupil and Instruction Services	4,075,329	37.56%
Administrative and Business	626,576	5.78%
Maintenance and Operations	538,050	4.96%
Transportation	1,011,551	9.32%
Other	692,328	6.38%
	<u>\$ 10,848,901</u>	<u>100.00%</u>

### **Governmental Activities**

Maintaining existing programs with fluctuating enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because State aid has remained relatively flat over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

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

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

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 3,905,067	\$ 3,490,983	\$ 2,275,150	\$ 2,546,204
Pupil and Instruction Services	4,075,329	2,630,728	3,884,041	2,630,728
Administrative and Business	626,576	664,884	575,094	649,179
Maintenance and Operations	538,050	590,550	538,050	590,550
Transportation	1,011,551	929,334	599,563	516,534
Other	594,079	778,356	594,079	778,356
	<u>\$ 10,750,652</u>	<u>\$ 9,084,835</u>	<u>\$ 8,465,977</u>	<u>\$ 7,711,551</u>

- The cost of all governmental activities this year was \$10,750,652.
- The federal and state governments subsidized certain programs with grants and contributions (\$2,284,675).
- Most of the District's costs, however, were financed by District taxpayers (\$5,792,022).
- A portion of governmental activities was financed with federal and state aid not restricted (\$2,245,946).
- The remainder of governmental activities funding came from private contributions, investment earnings and miscellaneous revenue.

### **Business-Type Activities**

Net position from the District's business-type activities increased by \$3,838 (Refer to Figure A-4) which is primarily due to a decrease in the cost of sales.

### **Financial Analysis of the District's Funds**

The District's financial situation declined due to difficult economic times which have a direct impact upon the District's revenue sources. The Township is experiencing very slight growth in the area of residential development and expansion, with a stabilization of commercial properties. The Township has undergone a re-valuation of all properties effective for 2015. The revaluation resulted in the net valuation of property going from \$223.1 million to \$358.6 million. This does not affect the school tax levy but did change the tax rates, resulting in some property owners seeing an increase in their total tax while others saw a decrease.

As a result, to maintain a stable financial position, the District must continue to practice sound fiscal management.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, legal and other professional services.

## Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2015
Sites (Land)	\$ 45,148	\$ 45,148			\$ 45,148	\$ 45,148	0.00%
Site Improvements	35,152	37,033			35,152	37,033	-5.08%
Buildings and Building Improvements	1,521,464	1,623,926			1,521,464	1,623,926	-6.31%
Machinery and Equipment	112,657	131,164	\$ 9,414	\$ 10,261	122,071	141,425	-13.68%
Total Capital Assets (Net of Depreciation)	<u>\$ 1,714,421</u>	<u>\$ 1,837,271</u>	<u>\$ 9,414</u>	<u>\$ 10,261</u>	<u>\$ 1,723,835</u>	<u>\$ 1,847,532</u>	<u>-6.70%</u>

The District's overall capital assets (net of depreciation) decreased by \$123,697 due to capital deletions of \$1,231 and \$122,466 in depreciation net of accumulated depreciation. (More detailed information about the District's capital assets is presented in Note 5 to the basic financial statements.)

### Long-term Debt

At year-end, the District had \$79,000 in general obligation bonds – a reduction of \$80,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 6 to the basic financial statements.)

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

	Total School District		Total Percentage Change
	2015	2014*	2015
General Obligation Bonds (Financed with Property Taxes)	\$ 79,000	\$ 159,000	-50.31%
Net Pension Liability	1,003,219	1,028,245	-2.43%
Other Long-term Debt	137,770	148,460	-7.20%
	<u>\$ 1,219,989</u>	<u>\$ 1,335,705</u>	<u>-8.66%</u>

\* Restated

- The District continued to pay down its debt, retiring \$80,000 of outstanding bonds.
- The District's other liabilities consist of compensated absences payable which decreased \$10,690 during the year.
- In fiscal year 2015, the District had a net decrease of \$25,026 in net pension liability.

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

At the time these financial statements were prepared and audited, the District was aware of two existing circumstances that could significantly affect its financial health in the future:

- The volatility of heating gas and electric costs continue to be a concern that could potentially impact the District's future financial resources.
- The volatility of health costs continue to be a concern that could impact the District's financial resources.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at the Montague Board of Education, 475 Route 206, Montague, New Jersey 07827.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 833,902	\$ 19,283	\$ 853,185
Internal Balances	(57)	57	
Receivable from Federal Government	17,764	22,839	40,603
Receivable from State Government	98,139	267	98,406
Interfund Receivable - Fiduciary Fund	3,067		3,067
Restricted Cash and Cash Equivalents	366,610		366,610
Capital Assets, Net:			
Sites (Land)	45,148		45,148
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	1,669,273	9,414	1,678,687
Total Assets	<u>3,033,846</u>	<u>51,860</u>	<u>3,085,706</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Changes in Assumptions - Pensions	31,547		31,547
Total Deferred Inflows of Resources	<u>31,547</u>		<u>31,547</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	722,841	7,263	730,104
Accrued Interest Payable	2,187		2,187
Payable to Federal Government	287		287
Unearned Revenue	3,742		3,742
Temporary Notes Payable	49,000		49,000
Noncurrent Liabilities:			
Due Within One Year	88,050		88,050
Due Beyond One Year	1,131,939		1,131,939
Total Liabilities	<u>1,998,046</u>	<u>7,263</u>	<u>2,005,309</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Investment Gains - Pensions	59,786		59,786
Changes in Proportion - Pensions	3,521		3,521
Total Deferred Inflows of Resources	<u>63,307</u>		<u>63,307</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,635,421	9,414	1,644,835
Restricted for:			
Capital Projects	194,966		194,966
Other Purposes	171,644		171,644
Unrestricted	(997,991)	35,183	(962,808)
Total Net Position	<u>\$ 1,004,040</u>	<u>\$ 44,597</u>	<u>\$ 1,048,637</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 2,998,252		\$ 1,014,165	\$ (1,984,087)		\$ (1,984,087)
Special Education	801,762		567,969	(233,793)		(233,793)
Other Instruction	41,492		18,481	(23,011)		(23,011)
School-Sponsored Instruction	63,561		29,302	(34,259)		(34,259)
<b>Support Services:</b>						
Student & Instruction Related Services	4,075,329		191,288	(3,884,041)		(3,884,041)
General Administrative Services	276,959			(276,959)		(276,959)
School Administrative Services	172,573		51,482	(121,091)		(121,091)
Central Services	177,044			(177,044)		(177,044)
Plant Operations and Maintenance	538,050			(538,050)		(538,050)
Pupil Transportation	1,011,551		411,988	(599,563)		(599,563)
Interest on Long-Term Debt	3,498			(3,498)		(3,498)
Capital Outlay	17,184			(17,184)		(17,184)
Charter Schools	573,397			(573,397)		(573,397)
<b>Total Governmental Activities</b>	<b>10,750,652</b>		<b>2,284,675</b>	<b>(8,465,977)</b>		<b>(8,465,977)</b>
<b>Business-Type Activities:</b>						
Food Service	98,249	\$ 14,718	87,362		\$ 3,831	3,831
<b>Total Business-Type Activities</b>	<b>98,249</b>	<b>14,718</b>	<b>87,362</b>		<b>3,831</b>	<b>3,831</b>
<b>Total Primary Government</b>	<b>10,848,901</b>	<b>14,718</b>	<b>2,372,037</b>	<b>(8,465,977)</b>	<b>3,831</b>	<b>(8,462,146)</b>



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expenses)/Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfer:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 5,667,385		\$ 5,667,385
Taxes Levied for Debt Service	124,637		124,637
Federal and State Aid Not Restricted	2,245,946		2,245,946
Investment Earnings	1,174	\$ 7	1,181
Miscellaneous Income	20,273		20,273
Transfer	1,748		1,748
	8,061,163	7	8,061,170
Total General Revenues and Transfer			
Change in Net Position	(404,814)	3,838	(400,976)
Net Position - Beginning (Restated)	1,408,854	40,759	1,449,613
Net Position - Ending	\$ 1,004,040	\$ 44,597	\$ 1,048,637

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

**FUND FINANCIAL STATEMENTS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 723,298	\$ 30,272	\$ 80,332		\$ 833,902
Interfund Receivable	5,075				5,075
Receivables from Federal Government		17,764			17,764
Receivables from State Government	98,139				98,139
Restricted Cash and Cash Equivalents					
Capital Reserve Account	194,966				194,966
Impact Aid Reserve Account	171,644				171,644
<b>Total Assets</b>	<u>\$ 1,193,122</u>	<u>\$ 48,036</u>	<u>\$ 80,332</u>	<u>\$ -0-</u>	<u>\$ 1,321,490</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 57			\$ 2,008	\$ 2,065
Payable to Federal Government		\$ 287			287
Accounts Payable	675,092	47,749			722,841
Temporary Notes Payable			\$ 49,000		49,000
Unearned Revenue	3,742				3,742
<b>Total Liabilities</b>	<u>678,891</u>	<u>48,036</u>	<u>49,000</u>	<u>2,008</u>	<u>777,935</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	194,966				194,966
Impact Aid General Fund Reserve Account	171,644				171,644
<b>Committed</b>					
			31,332		31,332
<b>Assigned:</b>					
Other Purposes	85,601				85,601
Designated for Subsequent Year's Expenditures					
Unassigned/(Deficit)	62,020			(2,008)	60,012
<b>Total Fund Balances</b>	<u>514,231</u>		<u>31,332</u>	<u>(2,008)</u>	<u>543,555</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,193,122</u>	<u>\$ 48,036</u>	<u>\$ 80,332</u>	<u>\$ -0-</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$4,440,597 and the accumulated depreciation is \$2,726,176	\$ 1,714,421
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 (see Note 6).	(216,770)
Accrued Interest on Long-Term Liabilities, including Bonds Payable, is not due and Payable in the current period and therefore is not reported as a liability in the Funds.	(2,187)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,003,219)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	31,547
Investment Gains - Pensions	(59,786)
Changes in Proportions - Pensions	(3,521)
<b>Net Position of Governmental Activities</b>	<u>\$ 1,004,040</u>

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 5,667,385			\$ 124,637	\$ 5,792,022
Interest Earned	1,174				1,174
Miscellaneous	20,273				20,273
<b>Total - Local Sources</b>	<b>5,688,832</b>			<b>124,637</b>	<b>5,813,469</b>
State Sources	3,308,982			15,972	3,324,954
Federal Sources	187,333	\$ 424,524			611,857
<b>Total Revenues</b>	<b>9,185,147</b>	<b>424,524</b>		<b>140,609</b>	<b>9,750,280</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	1,563,371	242,862			1,806,233
Special Education Instruction	429,140				429,140
Other Special Instruction	40,838				40,838
School Sponsored Instruction	3,850				3,850
<b>Support Services and Undistributed Costs:</b>					
Student and Other Instruction Related Services	3,670,059	181,662			3,851,721
General Administrative Services	228,093				228,093
School Administrative Services	92,236				92,236
Central Services	131,922				131,922
Plant Operations and Maintenance	455,828				455,828
Pupil Transportation	972,826				972,826
Unallocated Benefits	1,432,413				1,432,413

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Transfer to Charter Schools	\$ 573,397				\$ 573,397
Debt Service:					
Principal				\$ 128,500	128,500
Interest and Other Charges				9,368	9,368
Capital Outlay	15,953				15,953
Total Expenditures	9,609,926	\$ 424,524		137,868	10,172,318
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(424,779)			2,741	(422,038)
OTHER FINANCING SOURCES					
Notes Funded by Budget Appropriation			\$ 48,500		48,500
Transfer Unclaimed Funds from Flexible Spending Trust	1,748				1,748
Total Other Financing Sources	1,748		48,500		50,248
Net Change in Fund Balances	(423,031)		48,500	2,741	(371,790)
Fund Balance/ (Deficit) —July 1	937,262	-0-	(17,168)	(4,749)	915,345
Fund Balance/ (Deficit)—June 30	\$ 514,231	\$ -0-	\$ 31,332	\$ (2,008)	\$ 543,555

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (371,790)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and deletion of capital assets differed from capital outlays in the period.		
	Depreciation expense	\$ (121,619)
	Deletion of Capital Assets, net of Accumulated Depreciation	<u>(1,231)</u> (122,850)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
		10,690
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		5,870
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		
		80,000
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	25,026
	Deferred Outflows:	
	Changes in Assumptions	31,547
	Deferred Inflows:	
	Changes in Proportion	(3,521)
	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>(59,786)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ (404,814)</u>

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

Exhibit B-4

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 19,283
Interfund Receivable - General Fund	57
Intergovernmental Receivable:	
Federal	22,839
State	267
	42,446
Total Current Assets	42,446
Non-Current Assets:	
Capital Assets	25,670
Less: Accumulated Depreciation	(16,256)
	9,414
Total Non-Current Assets	9,414
Total Assets	51,860
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	7,263
	7,263
Total Current Liabilities	7,263
<b>NET POSITION:</b>	
Net Investment in Capital Assets	9,414
Unrestricted	35,183
	44,597
Total Net Position	\$ 44,597

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

Exhibit B-5

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 14,661
Miscellaneous Revenue	57
	<hr/>
Total Operating Revenue	14,718
	<hr/>
Operating Expenses:	
Cost of Sales	79,324
Supplies, Insurance & Other Costs	13,842
Miscellaneous Expenditures	4,236
Depreciation Expense	847
	<hr/>
Total Operating Expenses	98,249
	<hr/>
Operating Loss	(83,531)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	39,599
School Breakfast Program	37,487
Food Distribution Program	9,344
State Sources:	
State School Lunch Program	932
Local Sources:	
Interest Income	7
	<hr/>
Total Non-Operating Revenue	87,369
	<hr/>
Change in Net Position	3,838
	<hr/>
Net Position - Beginning of Year	40,759
	<hr/>
Net Position - End of Year	\$ 44,597
	<hr/> <hr/>

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



Exhibit B-6

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,661
Payments to Suppliers for Goods and Services	<u>(99,492)</u>
Net Cash Used for Operating Activities	<u>(84,831)</u>
Cash Flows from Noncapital and Financing Activities:	
State Sources	954
Federal Sources	<u>78,206</u>
Net Cash Provided by Noncapital Financing Activities	<u>79,160</u>
Cash Flows from Investment Activities:	
Interest Income	<u>7</u>
Net Cash Provided by Investing Activities	<u>7</u>
Net Decrease in Cash and Cash Equivalents	(5,664)
Cash and Cash Equivalents, July 1	<u>24,947</u>
Cash and Cash Equivalents, June 30	<u>\$ 19,283</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (83,531)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	847
Food Distribution Program	9,344
Changes in Assets and Liabilities:	
(Increase) Interfund Receivable	(57)
(Decrease) in Accounts Payable	<u>(11,434)</u>
Net Cash Used for Operating Activities	<u>\$ (84,831)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized U.S.D.A. Commodities through the Food Distribution Program valued at \$9,344.

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

Exhibit B-7

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 167,688	\$ 1,621	\$ 2,182	\$ 1,470
Total Assets	<u>167,688</u>	<u>1,621</u>	<u>2,182</u>	<u>1,470</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	38,843			
Accrued Salaries and Wages	126,478			
Interfund Payable - General Fund	1,319		1,748	
Due to Student Groups	<u>1,048</u>			
Total Liabilities	<u>167,688</u>		<u>1,748</u>	
<b>NET POSITION:</b>				
Restricted for Scholarships				1,470
Restricted for Flexible Spending Claims			434	
Held in Trust for Unemployment Claims		<u>1,621</u>		
Total Net Position	<u>\$ -0-</u>	<u>\$ 1,621</u>	<u>\$ 434</u>	<u>\$ 1,470</u>

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

Exhibit B-8

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
ADDITIONS:			
Contributions:			
Plan Member		\$ 2,100	
Budget Appropriation	\$ 12,000	216	
Investment Earnings:			
Interest	1		
Total Contributions	12,001	2,316	
Total Additions	12,001	2,316	
DEDUCTIONS:			
Unemployment Claims	11,990		
Flexible Spending Claims		2,535	
Administrative Charges		322	
Scholarships Awarded			\$ 100
Total Deductions	11,990	2,857	100
Change in Net Position before Other Financing Uses	11	(541)	(100)
OTHER FINANCING USES:			
Transfer Unclaimed Funds to General Fund		(1,748)	
Total Other Financing Uses		(1,748)	
Change in Net Position	11	(2,289)	(100)
Net Position - Beginning of the Year	1,610	2,723	1,570
Net Position - End of the Year	\$ 1,621	\$ 434	\$ 1,470

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,185,573	\$ 412,586
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Cancellation of Prior Year Encumbrances		(287)
Prior Year Encumbrances		12,225
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	268,037	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(268,463)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 9,185,147	\$ 424,524

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,609,926	\$ 412,586
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Prior Year Encumbrances		(287)
Current Year Encumbrances		12,225
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,609,926	\$ 424,524

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

K. Capital Assets: (Cont'd)

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

	<u>Estimated Useful Life</u>
Buildings	40 years
Site Improvements	15 to 30 years
Machinery and Equipment	5 to 20 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements 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.

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amount earned by these employees but not disbursed was \$126,478.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

N. Compensated Absences: (Cont'd)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$514,231 General Fund fund balance at June 30, 2015, \$81,811 is assigned for encumbrances; \$3,790 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016; \$194,966 is restricted in the capital reserve account; \$171,644 is restricted in the impact aid general fund reserve account and \$62,020 is unassigned fund balance which is \$268,463 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2015.

Capital Projects Fund: The Capital Projects fund balance at June 30, 2015 of \$31,332 is committed.

Debt Service Fund: The Debt Service Fund has a \$2,008 deficit unassigned fund balance at June 30, 2015.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$268,463 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

Q. Fund Balance Restrictions, Commitments, and Assignments:

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

In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve and an impact aid general fund reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources at June 30, 2015 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2015.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the deferred amount of changes in assumptions in pensions.

The District had deferred inflows of resources at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

R. Net Position: (Cont'd)

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

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

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

S. Deficit Fund Balances:

The District has a deficit in unrestricted net position of \$997,991 in governmental activities, which is due to accrued interest payable of \$2,187, \$137,770 of compensated absences payable, investment gains in pensions of \$59,786, changes in proportion in pensions of \$3,521 and net pension liability of \$1,003,219; net of \$3,790 of fund balance assigned for subsequent year's expenditures, \$81,811 assigned for encumbrances, \$31,332 committed in the Capital Projects Fund, \$60,012 unassigned, and changes in pension assumptions of \$31,547. There is a deficit fund balance of \$2,008 in the Debt Service Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis) primarily due to insufficient budget appropriations.

The deficit in Governmental Activities does not indicate that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales of food. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; and

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Impact Aid Reserve Account	
Checking and Savings Accounts	\$ 975,304	\$ 194,966	\$ 171,644	\$ 1,341,914
New Jersey Cash Management Fund	50,842			50,842
	<u>\$ 1,026,146</u>	<u>\$ 194,966</u>	<u>\$ -0-</u>	<u>\$ 1,392,756</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$1,392,756 and the bank balance was \$1,586,640. The \$50,842 in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District on September 27, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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 on the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1g, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFPP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 167,802
Add:	
Interest Earnings	168
Transfer from Unassigned Fund Balance by Board Resolution - June 24, 2015	26,996
	\$ 194,966
Ending Balance, June 30, 2015	\$ 194,966

The June 30, 2015 capital reserve account balance did not exceed the LRFPP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 45,148			\$ 45,148
Total Capital Assets Not Being Depreciated	45,148			45,148
Capital Assets Being Depreciated:				
Buildings and Building Improvements	3,603,484			3,603,484
Site Improvements	137,392			137,392
Machinery and Equipment	679,202		\$ (24,629)	654,573
Total Capital Assets Being Depreciated	4,420,078		(24,629)	4,395,449
Governmental Activities Capital Assets	4,465,226		(24,629)	4,440,597
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(1,979,558)	\$ (102,462)		(2,082,020)
Site Improvements	(100,359)	(1,881)		(102,240)
Machinery and Equipment	(548,038)	(17,276)	23,398	(541,916)
	(2,627,955)	(121,619)	23,398	(2,726,176)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,837,271	\$ (121,619)	\$ (1,231)	\$ 1,714,421
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 25,670			\$ 25,670
Less Accumulated Depreciation	(15,409)	(847)		(16,256)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 10,261	\$ (847)	\$ -0-	\$ 9,414

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 24,640
Special Education	6,878
Other Instruction	1,071
School Sponsored Instruction	61
Student and Instruction Related Services	58,823
General Administrative Services	3,656
School Administrative Services	1,478
Central Services	2,114
Plant Operations and Maintenance	7,306
Pupil Transportation	15,592
	<u>\$ 121,619</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 159,000		\$ 80,000	\$ 79,000
Net Pension Liability	1,028,245		25,026	1,003,219
Compensated Absences Payable	148,460	\$ 9,762	20,452	137,770
	<u>\$ 1,335,705</u>	<u>\$ 9,762</u>	<u>\$ 125,478</u>	<u>\$ 1,219,989</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2015 is \$79,000. The Debt Service Fund will be used to liquidate bonds payable.

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2/1/2016	5.25%	<u>\$ 79,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$ 79,000</u>	<u>\$ 4,149</u>	<u>\$ 83,149</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

The Board had no bonds authorized but not issued as of June 30, 2015.

C. Capital Leases Payable:

The District did not have any Capital Leases Payable as of June 30, 2015.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance is \$9,050 and the long-term liability balance of compensated absences is \$128,720. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$1,003,219. See Note 8 for further information on the PERS.

NOTE 7. TEMPORARY NOTES

<u>Final Maturity</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
8/4/2015	Repair and Partial Replacement of Roof- Montague Elementary School	1.05%	<u>\$ 49,000</u>

NOTE 8: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District did not make any transfers to the capital outlay accounts.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$44,173 for fiscal year 2015.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$1,003,219 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.005%, which was a decrease of 0.000022% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$51,706. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 31,547	
Changes in Proportion		\$ 3,521
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>59,786</u>
	<u>\$ 31,547</u>	<u>\$ 63,307</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	(9,148)
2016	(9,148)
2017	(9,148)
2018	(9,148)
2019	5,799
Thereafter	<u>2,554</u>
	<u>\$ (28,239)</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2014</u>		
	1%	Current	1%
	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 1,262,084	\$ 1,003,219	\$ 785,839

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$132,993 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$726,803.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$13,506,987. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.025%, which was a decrease of 0.00036% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	13,506,987
	13,506,987
Total	\$ 13,506,987

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$726,803 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$631 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$1,157 for the fiscal year ended June 30, 2015.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees.

As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding 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 employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$211,127, \$175,293 and \$187,307 for the fiscal year ended June 30, 2015, 2014 and 2013, respectively.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health care coverage through Horizon Blue Cross Blue Shield of New Jersey.

Property, Liability and Health Benefits

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 New Jersey Schools Insurance Group ("NJSIG"). This public entity risk management pool provided general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

The audit of the NJSIG as of June 30, 2015 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2014 is as follows:

Total Assets	\$ 293,795,686
Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenses	\$ 119,843,435
Change in Net Position	\$ 780,440
Member Dividends	\$ -0-

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

New Jersey Schools Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060  
[www.njsig.org](http://www.njsig.org)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 12,000	\$ 1	\$ -0-	\$ 11,990	\$ 1,621
2013-2014	10,000	1	-0-	12,406	1,610
2012-2013	12,000	1	-0-	12,339	4,015

NOTE 12. ECONOMIC DEPENDENCY

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2015 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 5,075	\$ 57
Debt Service		2,008
Food Service Fund	57	
Agency Fund		1,319
Flexible Spending		1,748
	<u>\$ 5,132</u>	<u>\$ 5,132</u>

A portion of the interfund receivable in the General Fund is comprised of \$2,008 due from the Debt Service Fund for cash advanced. The remaining \$1,319 is due from Payroll Agency for health benefits and accumulated interest and \$1,748 is due from Flexible Spending for unclaimed balances. The receivable due from General Fund to Food Service Fund is for the excess subsidy reimbursement.

NOTE 14. DEFERRED COMPENSATION

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

AXA Equitable Financial  
Lincoln Life Financial

NOTE 15. TAX CALENDAR

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

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation

Since approximately 1930 the Montague Board of Education has sent its 7th through 12th grade students to neighboring Port Jervis, New York to attend middle school and high school. In 2000 Montague and Port Jervis signed a send-receive contract that the New Jersey Commissioner of Education approved pursuant to N.J.S.A - 18A:38-10. By the terms of this contract either party could withdraw from the contract on 5 years notice to the other party.

In June 2013 the New Jersey commissioner withdrew consent of the Port Jervis send-receive contract and the N.J. Department of Education has threatened various punitive measures including loss of state aid and potential loss of certain licenses of the District's administration if the Port Jervis contract is not terminated. In December, 2014 the members of the Board of Education adopted a "Transition Plan" with Port Jervis which, retroactive to the beginning of the 2014/15 school year, notified Port Jervis of Montague's intention to phase out the sending of students to Port Jervis and instead send students to High Point Regional in New Jersey to comply with the N.J. Department of Education's directive. This transition plan was not signed by Port Jervis, and in January of 2015 the Montague Board of Education rescinded the transition plan. Subsequently multiple law suits have been initiated to either ratify or rescind the N.J. Department of Education's ruling and to determine the legality of the agreements with High Point and Port Jervis.

The final ruling on these lawsuits has not been determined as of the date of this audit report.

The Board is also periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

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

Encumbrances

At June 30, 2015, the District had \$81,811 of encumbrances in the General Fund.



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2015:

	Governmental Activities			Business-Type Activities
	General Fund	Special Revenue Fund	Total Governmental Funds	Proprietary Fund
Vendors	\$ 675,092		\$ 675,092	\$ 7,263
Due State of New Jersey		\$ 47,749	47,749	
	\$ 675,092	\$ 47,749	\$ 722,841	\$ 7,263

NOTE 18. IMPACT AID GENERAL FUND RESERVE ACCOUNT

An impact aid general fund reserve account was established by the District on June 24, 2015. Impact Aid revenue received from the federal government under section 8002 or 8003 of the Elementary and Secondary Education Act of 1965 can be used for any legal purpose without restriction. The reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Impact Aid provides financial assistance to school districts affected by federal activities. Because federal property is exempt from local property taxes, Impact Aid helps to replace lost revenue that would otherwise be available to pay for educating children who live on federal property or whose parents work on federal property.

A board of education may appropriate federal impact aid funds to establish or supplement the reserve account in the district's annual budget, or through a transfer by a two-thirds affirmative vote of the authorized membership of the board between June 1 and June 30, for withdrawal in any subsequent school year. Any transfer to the reserve account shall not exceed the total amount of federal impact aid received in the fiscal year. The board, at its discretion, may use the funds in the reserve account to finance the district's general fund or to finance school facilities projects, in a manner consistent with federal law. The total amount of funds on deposit in the reserve account shall not be limited.

The activity of the impact aid general fund reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ -0-
Add:	
Transfer from Unassigned Fund Balance per Board Resolution - June 24, 2015	171,644
Ending Balance, June 30, 2015	\$ 171,644

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
<u>Statement of Net Position:</u>			
<u>Liabilities:</u>			
Non-Current Liabilities	\$ 307,460	1,028,245	\$ 1,335,705
Total Liabilities	556,114	1,028,245	1,584,359
<u>Net Position:</u>			
Unrestricted/(Deficit)	591,026	(1,028,245)	(437,219)
Total Net Position	2,437,099	(1,028,245)	1,408,854

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0053801060%	0.0053582936%
District's proportionate share of the net pension liability	\$ 1,028,245	\$ 1,003,219
District's covered employee payroll	\$ 397,514	\$ 432,817
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	258.67%	231.79%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 40,538	\$ 44,173
Contributions in relation to the contractually required contribution	<u>(40,538)</u>	<u>(44,173)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 397,514	\$ 432,817
Contributions as a percentage of covered employee payroll	10.20%	10.21%

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
State's proportion of the net pension liability attributable to the District	0.0256359553%	0.0252718611%
State's proportionate share of the net pension liability attributable to the District	\$ 12,956,210	\$ 13,506,987
District's covered employee payroll	\$ 2,495,206	\$ 2,531,867
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	519.24%	533.48%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

**BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)**



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 5,667,385		\$ 5,667,385	\$ 5,667,385	
Interest on Investments				1,006	\$ 1,006
Interest on Capital Reserve				168	168
Unrestricted Miscellaneous Revenues				20,273	20,273
<b>Total Local Sources</b>	<u>5,667,385</u>		<u>5,667,385</u>	<u>5,688,832</u>	<u>21,447</u>
State Sources:					
Categorical Special Education Aid	257,132		257,132	257,132	
Equalization Aid	1,906,677		1,906,677	1,906,677	
Categorical Security Aid	100,706		100,706	100,706	
Adjustment Aid	26,780		26,780	26,780	
Categorical Transportation Aid	398,801		398,801	398,801	
Other State Aids	9,020		9,020	9,020	
Extraordinary Aid				67,367	67,367
Nonpublic Transportation				13,116	13,116
On-behalf TPAF Pension (non-budgeted)				132,993	132,993
On-behalf TPAF Post Retirement Contributions (non-budgeted)				211,127	211,127
Reimbursed TPAF Social Security Contributions (non-budgeted)				185,689	185,689
<b>Total State Sources</b>	<u>2,699,116</u>		<u>2,699,116</u>	<u>3,309,408</u>	<u>610,292</u>
Federal Sources:					
Impact Aid	75,000	\$ 96,644	171,644	171,644	
Medicaid Assistance Program	6,971		6,971	11,899	4,928
ARRA - Medical Assistance Program - Prior Year Adjustment				3,790	3,790
<b>Total Federal Sources</b>	<u>81,971</u>	<u>96,644</u>	<u>178,615</u>	<u>187,333</u>	<u>8,718</u>
<b>TOTAL REVENUES</b>	<u>8,448,472</u>	<u>96,644</u>	<u>8,545,116</u>	<u>9,185,573</u>	<u>640,457</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 154,354	\$ (3,500)	\$ 150,854	\$ 148,957	\$ 1,897
Grades 1-5 - Salaries of Teachers	1,034,319	(80,731)	953,588	953,196	392
Grades 6-8 - Salaries of Teachers	152,888	4,400	157,288	157,226	62
Regular Programs - Home Instruction:					
Salarie of Teachers	1,610		1,610	660	950
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	119,200	7,200	126,400	125,668	732
Purchased Professional - Educational Services	300	1,700	2,000	452	1,548
Purchased Technical Services	23,800	39,293	63,093	61,269	1,824
Other Purchased Services (400-500 Series)		7,105	7,105	7,105	
General Supplies	58,745	45,842	104,587	98,601	5,986
Other Objects	9,856	707	10,563	10,237	326
Total Regular Programs - Instruction	<u>1,555,072</u>	<u>22,016</u>	<u>1,577,088</u>	<u>1,563,371</u>	<u>13,717</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	<u>213,350</u>	<u>5,840</u>	<u>219,190</u>	<u>219,190</u>	
Total Learning and/or Language Disabilities	<u>213,350</u>	<u>5,840</u>	<u>219,190</u>	<u>219,190</u>	
Resource Room/Resource Center:					
Salaries of Teachers	<u>169,385</u>	<u>(31,411)</u>	<u>137,974</u>	<u>125,117</u>	<u>12,857</u>
Total Resource Room/Resource Center	<u>169,385</u>	<u>(31,411)</u>	<u>137,974</u>	<u>125,117</u>	<u>12,857</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Handicapped - Part Time:					
Salaries of Teachers	\$ 54,454	\$ 1,606	\$ 56,060	\$ 56,059	\$ 1
Other Salaries for Instruction	27,599	1,176	28,775	28,774	1
Total Preschool Handicapped - Part Time	<u>82,053</u>	<u>2,782</u>	<u>84,835</u>	<u>84,833</u>	<u>2</u>
Total Special Education Instruction	<u>464,788</u>	<u>(22,789)</u>	<u>441,999</u>	<u>429,140</u>	<u>12,859</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	<u>227,563</u>	<u>(119,388)</u>	<u>108,175</u>	<u>8,728</u>	<u>99,447</u>
Total Basic Skills/Remedial - Instruction	<u>227,563</u>	<u>(119,388)</u>	<u>108,175</u>	<u>8,728</u>	<u>99,447</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	<u>2,100</u>	<u>200</u>	<u>2,300</u>	<u>2,300</u>	
Total School-Sponsored Cocurricular Activities - Instruction	<u>2,100</u>	<u>200</u>	<u>2,300</u>	<u>2,300</u>	
School-Sponsored Athletics - Instruction:					
Purchased Services (300-500 series)	<u>1,500</u>	<u>50</u>	<u>1,550</u>	<u>1,550</u>	
Total School-Sponsored Athletics - Instruction	<u>1,500</u>	<u>50</u>	<u>1,550</u>	<u>1,550</u>	
Other Instructional Programs - Instruction					
Salaries	<u>31,133</u>	<u>977</u>	<u>32,110</u>	<u>32,110</u>	
Total Other Instructional Programs - Instruction	<u>31,133</u>	<u>977</u>	<u>32,110</u>	<u>32,110</u>	
Total Instruction	<u>2,282,156</u>	<u>(118,934)</u>	<u>2,163,222</u>	<u>2,037,199</u>	<u>126,023</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 1,478,809	\$ 87,084	\$ 1,565,893	\$ 1,565,708	\$ 185
Tuition to Other LEAs Within the State - Special	397,859	191,296	589,155	582,011	7,144
Tuition to County Vocational School District - Regular	208,000	(41,680)	166,320	166,320	
Tuition to Private Schools for the Handicapped - Within State	60,881	8,119	69,000	69,000	
Tuition to Private Schools for the Handicapped - Outside State	703,969	(43,970)	659,999	654,672	5,327
Tuition - State Facilities	4,500		4,500	4,500	
<b>Total Instruction</b>	<u>2,854,018</u>	<u>200,849</u>	<u>3,054,867</u>	<u>3,042,211</u>	<u>12,656</u>
Health Services:					
Salaries	60,065	2,555	62,620	62,620	
Supplies and Materials	700	1,300	2,000	1,980	20
<b>Total Health Services</b>	<u>60,765</u>	<u>3,855</u>	<u>64,620</u>	<u>64,600</u>	<u>20</u>
Other Support Services - Students - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services		1,800	1,800	1,800	
<b>Total Other Support Services - Students - Speech, OT, PT and Related Services</b>		<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	112,474	78,644	191,118	190,627	491
<b>Total Other Support Services - Students - Extraordinary Services</b>	<u>112,474</u>	<u>78,644</u>	<u>191,118</u>	<u>190,627</u>	<u>491</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	\$ 290,027	\$ (36,480)	\$ 253,547	\$ 244,196	\$ 9,351
Salaries of Secretarial and Clerical Assistants	23,237	22,850	46,087	45,595	492
Purchased Professional - Educational Services	700	(100)	600	600	600
Supplies and Materials	275	1,130	1,405	1,398	7
Other Objects		100	100	100	
Total Other Support Services - Students - Child Study Team	<u>314,239</u>	<u>(12,500)</u>	<u>301,739</u>	<u>291,289</u>	<u>10,450</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	<u>21,000</u>	<u>22,426</u>	<u>43,426</u>	<u>43,426</u>	
Total Improvement of Instructional Services	<u>21,000</u>	<u>22,426</u>	<u>43,426</u>	<u>43,426</u>	
Educational Media Services/School Library:					
Salaries	31,133	978	32,111	32,110	1
Supplies and Materials	1,000	150	1,150	1,126	24
Total Educational Media Services/School Library	<u>32,133</u>	<u>1,128</u>	<u>33,261</u>	<u>33,236</u>	<u>25</u>
Instructional Staff Training Services:					
Other Purchased Professional and Technical Services	3,859	(350)	3,509	1,867	1,642
Other Purchased Services (400-500 series)	500	490	990	983	7
Other Objects		20	20	20	
Total Instructional Staff Training Services	<u>4,359</u>	<u>160</u>	<u>4,519</u>	<u>2,870</u>	<u>1,649</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 138,390	\$ (851)	\$ 137,539	\$ 136,269	\$ 1,270
Legal Services	8,000	31,617	39,617	26,207	13,410
Audit Fees	21,500		21,500	20,835	665
Other Purchased Professional Services	5,051	(5,050)	1		1
Communications/Telephone	12,598	2,190	14,788	14,418	370
BOE Other Purchased Services	3,500	3,083	6,583	6,583	
Miscellaneous Purchased Services (400-500 series)		21,155	21,155	10,155	11,000
General Supplies	1,000		1,000	546	454
Miscellaneous Expenditures	3,000	5,631	8,631	7,351	1,280
BOE Membership Dues and Fees	2,000	3,729	5,729	5,729	
Total Support Services - General Administration	<u>195,039</u>	<u>61,504</u>	<u>256,543</u>	<u>228,093</u>	<u>28,450</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	79,378	12,750	92,128	90,758	1,370
Salaries of Secretarial and Clerical Assistants	5,945	(4,219)	1,726	1,478	248
Total Support Services - School Administration	<u>85,323</u>	<u>8,531</u>	<u>93,854</u>	<u>92,236</u>	<u>1,618</u>
Central Services:					
Salaries	122,755	785	123,540	123,539	1
Purchased Technical Services	3,100	11,064	14,164	7,854	6,310
Supplies and Materials	643	800	1,443	529	914
Total Central Services	<u>126,498</u>	<u>12,649</u>	<u>139,147</u>	<u>131,922</u>	<u>7,225</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance for School Facilities:					
Salaries	\$ 25,325	\$ 5,150	\$ 30,475	\$ 30,456	\$ 19
Cleaning, Repair and Maintenance Services	45,900	16,500	62,400	54,368	8,032
General Supplies	7,400	(500)	6,900	4,079	2,821
<b>Total Required Maintenance of School Facilities</b>	<b>78,625</b>	<b>21,150</b>	<b>99,775</b>	<b>88,903</b>	<b>10,872</b>
Custodial Services:					
Salaries	136,645	50,755	187,400	187,400	
Purchased Professional and Technical Services	4,100	14,877	18,977	18,910	67
Cleaning, Repair and Maintenance Services	42,020	(13,150)	28,870	20,052	8,818
Insurance	28,123	(532)	27,591	24,095	3,496
General Supplies	21,424	8,000	29,424	24,934	4,490
Energy (Electricity)	139,000	(35,600)	103,400	91,534	11,866
<b>Total Custodial Services</b>	<b>371,312</b>	<b>24,350</b>	<b>395,662</b>	<b>366,925</b>	<b>28,737</b>
Student Transportation Services:					
Salary for Pupil Transportation (Between Home & School) - Regular	23,237	43,874	67,111	67,109	2
Salary for Pupil Transportation (Between Home & School) - Special Education	2,337		2,337	162	2,175
Contracted Services:					
Between Home and School - Vendors	464,178	(31,774)	432,404	424,061	8,343
Between Home and School - Joint Agreements	6,493	8,200	14,693	14,643	50
Special Education Students - Vendors	298,439	150,503	448,942	440,331	8,611
Aid in Lieu - Nonpublic Schools	30,657	(4,136)	26,521	26,520	1
<b>Total Student Transportation Services</b>	<b>825,341</b>	<b>166,667</b>	<b>992,008</b>	<b>972,826</b>	<b>19,182</b>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 53,033		\$ 53,033	\$ 46,665	\$ 6,368
Other Retirement Contributions - PERS	61,250	\$ (3,229)	58,021	44,173	13,848
Other Retirement Contributions-ERIP	220	(220)			
Other Retirement Contributions-Regular		631	631	631	
Unemployment Compensation	12,000		12,000	12,000	
Workmen's Compensation	31,250		31,250	27,405	3,845
Health Benefits	808,928	(61,553)	747,375	746,643	732
Tuition Reimbursement	18,375	2,346	20,721	4,408	16,313
Other Employee Benefits	3,000	17,679	20,679	20,679	
<b>Total Unallocated Benefits</b>	<b>988,056</b>	<b>(44,346)</b>	<b>943,710</b>	<b>902,604</b>	<b>41,106</b>
On-Behalf Contributions:					
On-behalf TPAF Pension (non-budgeted)				132,993	(132,993)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				211,127	(211,127)
Reimbursed TPAF Social Security Contributions (non-budgeted)				185,689	(185,689)
<b>Total On-Behalf Contributions</b>				<b>529,809</b>	<b>(529,809)</b>
<b>Total Undistributed Expenses</b>	<b>6,069,182</b>	<b>546,867</b>	<b>6,616,049</b>	<b>6,983,377</b>	<b>(367,328)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>8,351,338</b>	<b>427,933</b>	<b>8,779,271</b>	<b>9,020,576</b>	<b>(241,305)</b>
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Assessment of Debt Service on SDA Funding	993		993	993	
Construction Services	16,000		16,000	14,960	1,040
<b>Total Facilities Acquisition and Construction Services</b>	<b>16,993</b>		<b>16,993</b>	<b>15,953</b>	<b>1,040</b>



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
TOTAL CAPITAL OUTLAY	\$ 16,993		\$ 16,993	\$ 15,953	\$ 1,040
Transfer of Funds to Charter Schools	653,130	\$ (65,000)	588,130	573,397	14,733
TOTAL EXPENDITURES	<u>9,021,461</u>	<u>362,933</u>	<u>9,384,394</u>	<u>9,609,926</u>	<u>(225,532)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(572,989)	(266,289)	(839,278)	(424,353)	414,925
Other Financing Sources:					
Transfer Unclaimed Funds from Flexible Spending Trust				1,748	1,748
Total Other Financing Sources				<u>1,748</u>	<u>1,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(572,989)	(266,289)	(839,278)	(422,605)	416,673
Fund Balance, July 1	<u>1,205,299</u>		<u>1,205,299</u>	<u>1,205,299</u>	
Fund Balance, June 30	<u>\$ 632,310</u>	<u>\$ (266,289)</u>	<u>\$ 366,021</u>	<u>\$ 782,694</u>	<u>\$ 416,673</u>
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 194,966	
Impact Aid General Fund Reserve				171,644	
Assigned:					
Year-End Encumbrances				81,811	
Designated for Subsequent Year's Expenditures - ARRA/SEMI				3,790	
Unassigned Fund Balance				<u>330,483</u>	
				782,694	
Reconciliation to Governmental Funds Statements (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				<u>(268,463)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 514,231</u>	

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 201,000	\$ 211,586	\$ 412,586	\$ 412,586	
Total Revenues	<u>201,000</u>	<u>211,586</u>	<u>412,586</u>	<u>412,586</u>	
EXPENDITURES:					
Instruction:					
Salaries of Teachers		221,059	221,059	221,059	
Purchased Professional and Technical Services	70,000	(70,000)			
Other Purchased Services	7,000	2,865	9,865	9,865	
Tuition	124,000	(23,830)	100,170	100,170	
Total Instruction	<u>201,000</u>	<u>130,094</u>	<u>331,094</u>	<u>331,094</u>	
Support Services:					
Personal Services - Employee Benefits		57,476	57,476	57,476	
Purchased Professional-Educational Services		24,016	24,016	24,016	
Total Support Services		<u>81,492</u>	<u>81,492</u>	<u>81,492</u>	
Total Expenditures	<u>\$ 201,000</u>	<u>\$ 211,586</u>	<u>\$ 412,586</u>	<u>\$ 412,586</u>	<u>\$ -0-</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,185,573	\$ 412,586
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Cancellation of Prior Year Encumbrances		(287)
Prior Year Encumbrances		12,225
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	268,037	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(268,463)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 9,185,147	\$ 424,524
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,609,926	\$ 412,586
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:		
Cancellation of Prior Year Encumbrances		(287)
Prior Year Encumbrances		12,225
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,609,926	\$ 424,524

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>		<u>Rural Education</u>	<u>I.D.E.A.</u>		<u>Total</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>Achievement</u> <u>Program</u>	<u>Basic</u>	<u>Preschool</u>	
REVENUE:						
Federal Sources	\$ 278,535	\$ 9,865	\$ 24,016	\$ 95,982	\$ 4,188	\$ 412,586
Total Revenue	<u>278,535</u>	<u>9,865</u>	<u>24,016</u>	<u>95,982</u>	<u>4,188</u>	<u>412,586</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	221,059					221,059
Other Purchased Services		9,865				9,865
Tuition				95,982	4,188	100,170
Total Instruction	<u>221,059</u>	<u>9,865</u>		<u>95,982</u>	<u>4,188</u>	<u>331,094</u>
Support Services:						
Personal Services - Employee Benefits	57,476					57,476
Purchased Professional - Educational Services			24,016			24,016
Total Support Services	<u>57,476</u>		<u>24,016</u>			<u>81,492</u>
Total Expenditures	<u>\$ 278,535</u>	<u>\$ 9,865</u>	<u>\$ 24,016</u>	<u>\$ 95,982</u>	<u>\$ 4,188</u>	<u>\$ 412,586</u>

Exhibit E-2

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE



**CAPITAL PROJECTS FUND**

Exhibit F-1

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
Budget Appropriation	<u>\$ 48,500</u>
Total Revenue and Other Financing Sources	<u>48,500</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	48,500
Fund Balance - Beginning / (Deficit)	<u>(17,168)</u>
Fund Balance - Ending	<u><u>\$ 31,332</u></u>

Exhibit F-1a

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
REPAIR AND PARTIAL REPLACEMENT OF ROOF  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 107,147		\$ 107,147	\$ 158,050
Budget Appropriation	139,575	\$ 48,500	188,075	237,075
Total Revenue and Other Financing Sources	<u>246,722</u>	<u>48,500</u>	<u>295,222</u>	<u>395,125</u>
Expenditures:				
Purchased Professional and Technical Services	39,090		39,090	76,375
Construction Services	224,800		224,800	318,750
Total Expenditures	<u>263,890</u>	<u>-0-</u>	<u>263,890</u>	<u>395,125</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ (17,168)</u>	<u>\$ 48,500</u>	<u>\$ 31,332</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	3300-050-09-1001			
Grant Date	3/4/2009			
Original Authorized Cost	\$ 395,125			
Change Orders	-0-			
Revised Authorized Cost	\$ 395,125			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2010			
Revised Completion Date	6/30/2011			

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF TEMPORARY NOTES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Original Issue	Issue Date	Maturity Date	Interest Rate	Balance June 30, 2014	Issued	Matured	Balance June 30, 2015
Repair and Partial Replacement of Roof- Montague Elementary School	\$ 237,075	8/7/2013	8/6/2014	1.05%	\$ 97,500		\$ 97,500	
		8/5/2014	8/4/2015	1.05%		\$ 49,000		\$ 49,000
					<u>\$ 97,500</u>	<u>\$ 49,000</u>	<u>\$ 97,500</u>	<u>\$ 49,000</u>

**PROPRIETARY FUNDS**

Exhibit G-1

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 19,283
Interfund Receivable - General Fund	57
Intergovernmental Receivable:	
Federal	22,839
State	267
Total Current Assets	42,446
Non-Current Assets:	
Capital Assets	25,670
Less: Accumulated Depreciation	(16,256)
Total Non-Current Assets	9,414
Total Assets	51,860
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	7,263
Total Current Liabilities	7,263
<b>NET POSITION:</b>	
Net Investment in Capital Assets	9,414
Unrestricted	35,183
Total Net Position	\$ 44,597

Exhibit G-2

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 14,661
Miscellaneous Revenue	57
	14,718
Total Operating Revenue	14,718
Operating Expenses:	
Cost of Sales	79,324
Supplies, Insurance & Other Costs	13,842
Miscellaneous Expenditures	4,236
Depreciation Expense	847
	98,249
Total Operating Expenses	98,249
Operating Loss	(83,531)
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	39,599
School Breakfast Program	37,487
Food Distribution Program	9,344
State Sources:	
State School Lunch Program	932
Local Sources:	
Interest Income	7
	87,369
Total Non-Operating Revenue	87,369
Change in Net Position	3,838
Net Position - Beginning of Year	40,759
Net Position - End of Year	\$ 44,597

Exhibit G-3

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,661
Payments to Suppliers for Goods and Services	(99,492)
	(84,831)
Net Cash Used for Operating Activities	(84,831)
Cash Flows from Noncapital and Financing Activities:	
State Sources	954
Federal Sources	78,206
	79,160
Net Cash Provided by Noncapital Financing Activities	79,160
Cash Flows from Investment Activities:	
Interest Income	7
	7
Net Cash Provided by Investing Activities	7
Net Decrease in Cash and Cash Equivalents	(5,664)
Cash and Cash Equivalents, July 1	24,947
Cash and Cash Equivalents, June 30	\$ 19,283
Reconciliation of Operating Loss to	
Net Cash Used for Operating Activities:	
Operating Loss	\$ (83,531)
Net Cash Used for Operating Activities:	
Depreciation	847
Food Distribution Program	9,344
Changes in Assets and Liabilities:	
(Increase) Interfund Receivable	(57)
(Decrease) in Accounts Payable	(11,434)
	(11,434)
Net Cash Used for Operating Activities	\$ (84,831)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized U.S.D.A. Commodities through the Food Distribution Program valued at \$9,344.



**FIDUCIARY FUNDS**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>	
	<u>Student Activity</u>	<u>Payroll</u>				<u>Total</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 1,048	\$ 166,640	\$ 167,688	\$ 1,621	\$ 2,182	\$ 1,470
Total Assets	<u>1,048</u>	<u>166,640</u>	<u>167,688</u>	<u>1,621</u>	<u>2,182</u>	<u>1,470</u>
<b>LIABILITIES:</b>						
Payroll Deductions and Withholdings		38,843	38,843			
Accrued Salaries and Wages		126,478	126,478			
Interfund Payable - General Fund		1,319	1,319		1,748	
Due to Student Groups	<u>1,048</u>		<u>1,048</u>			
Total Liabilities	<u>1,048</u>	<u>166,640</u>	<u>167,688</u>		<u>1,748</u>	
<b>NET POSITION:</b>						
Restricted for Unemployment Claims			1,621			
Restricted for Flexible Spending Claims				434		
Restricted for Scholarships						<u>1,470</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,621</u>	<u>\$ 434</u>	<u>\$ 1,470</u>

Exhibit H-2

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS:</b>			
Contributions:			
Plan Members		\$ 2,100	
Budget Appropriation	\$ 12,000	216	
Investment Earnings:			
Interest	<u>1</u>		
Total Contributions	<u>12,001</u>	<u>2,316</u>	
Total Additions	<u>12,001</u>	<u>2,316</u>	
<b>DEDUCTIONS:</b>			
Unemployment Claims	11,990		
Flexible Spending Claims		2,535	
Administrative Charges		322	
Scholarships Awarded			<u>\$ 100</u>
Total Deductions	<u>11,990</u>	<u>2,857</u>	<u>100</u>
Change in Net Position before Other Financing Uses	11	(541)	(100)
<b>OTHER FINANCING USES:</b>			
Transfer Unclaimed Funds to General Fund		<u>(1,748)</u>	
		<u>(1,748)</u>	
Change in Net Position	11	(2,289)	(100)
Net Position - Beginning of the Year	<u>1,610</u>	<u>2,723</u>	<u>1,570</u>
Net Position - End of the Year	<u>\$ 1,621</u>	<u>\$ 434</u>	<u>\$ 1,470</u>

Exhibit H-3

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,188	\$ 361	\$ 501	\$ 1,048
Total Assets	<u>\$ 1,188</u>	<u>\$ 361</u>	<u>\$ 501</u>	<u>\$ 1,048</u>
<b>LIABILITIES:</b>				
Due to Student Groups	\$ 1,188	\$ 361	\$ 501	\$ 1,048
Total Liabilities	<u>\$ 1,188</u>	<u>\$ 361</u>	<u>\$ 501</u>	<u>\$ 1,048</u>

Exhibit H-4

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 186,550	\$ 4,904,382	\$ 4,924,292	\$ 166,640
Total Assets	<u>\$ 186,550</u>	<u>\$ 4,904,382</u>	<u>\$ 4,924,292</u>	<u>\$ 166,640</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 38,762	\$ 4,767,255	\$ 4,767,174	\$ 38,843
Accrued Salaries and Wages - Summer Pay	138,008	135,808	147,338	126,478
Interfund Payable - General Fund	9,780	1,319	9,780	1,319
Total Liabilities	<u>\$ 186,550</u>	<u>\$ 4,904,382</u>	<u>\$ 4,924,292</u>	<u>\$ 166,640</u>

## **LONG-TERM DEBT**

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Matured</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>June 30, 2014</u>		<u>June 30, 2015</u>
Building Improvements	02/15/96	\$ 1,199,000	02/01/16	\$ 79,000	5.25%	\$ 159,000	\$ 80,000	\$ 79,000
						<u>\$ 159,000</u>	<u>\$ 80,000</u>	<u>\$ 79,000</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 124,637		\$ 124,637	\$ 124,637	
State Aid:					
Debt Service Aid	15,972		15,972	15,972	
Total Revenues	140,609		140,609	140,609	
EXPENDITURES:					
Regular Debt Service:					
Interest	13,109	\$ (1,000)	12,109	9,368	\$ 2,741
Redemption of Principal	127,500	1,000	128,500	128,500	
Total Regular Debt Service	140,609		140,609	137,868	2,741
Total Expenditures	140,609		140,609	137,868	2,741
Excess of Revenues Over Expenditures				2,741	2,741
Fund Balance, July 1 / (Deficit)	(4,749)		(4,749)	(4,749)	
Fund Balance, June 30 / (Deficit)	\$ (4,749)	\$ -0-	\$ (4,749)	\$ (2,008)	\$ 2,741
Recapitulation:					
Unassigned / (Deficit)				\$ (2,008)	

## **STATISTICAL SECTION**

**STATISTICAL SECTION**  
(Unaudited)

This part of the District'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 District's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,341,854	\$ 1,479,829	\$ 1,438,185	\$ 1,425,190	\$ 1,385,800	\$ 1,610,304	\$ 1,612,432	\$ 1,708,946	\$ 1,678,271	\$1,635,421
Restricted	20,196	13,932	13,982	62,013	204,452	173,490	210,789	167,712	167,802	366,610
Unrestricted / (Deficit)	306,397	147,689	124,563	(196,012)	(55,022)	35,298	460,526	365,556	(437,219)	(997,991)
<b>Total governmental activities net position</b>	<b>\$ 1,668,447</b>	<b>\$ 1,641,450</b>	<b>\$ 1,576,730</b>	<b>\$ 1,291,191</b>	<b>\$ 1,535,230</b>	<b>\$ 1,819,092</b>	<b>\$ 2,283,747</b>	<b>\$ 2,242,214</b>	<b>\$ 1,408,854</b>	<b>\$1,004,040</b>
Business-type Activities:										
Net Investment in Capital Assets	\$ 10,112	\$ 8,578	\$ 7,231	\$ 3,625	\$ 3,334	\$ 3,043	\$ 4,956	\$ 4,521	\$ 10,261	\$ 9,414
Unrestricted	24,807	19,551	17,153	15,141	24,114	35,936	34,544	37,718	30,498	35,183
<b>Total business-type activities net position</b>	<b>\$ 34,919</b>	<b>\$ 28,129</b>	<b>\$ 24,384</b>	<b>\$ 18,766</b>	<b>\$ 27,448</b>	<b>\$ 38,979</b>	<b>\$ 39,500</b>	<b>\$ 42,239</b>	<b>\$ 40,759</b>	<b>\$ 44,597</b>
District-wide:										
Net Investment in Capital Assets	\$ 1,351,966	\$ 1,488,407	\$ 1,445,416	\$ 1,428,815	\$ 1,389,134	\$ 1,613,347	\$ 1,617,388	\$ 1,713,467	\$ 1,688,532	\$1,644,835
Restricted	20,196	13,932	13,982	62,013	204,452	173,490	210,789	167,712	167,802	366,610
Unrestricted / (Deficit)	331,204	167,240	141,716	(180,871)	(30,908)	71,234	495,070	403,274	(406,721)	(962,808)
<b>Total District Net Position</b>	<b>\$ 1,703,366</b>	<b>\$ 1,669,579</b>	<b>\$ 1,601,114</b>	<b>\$ 1,309,957</b>	<b>\$ 1,562,678</b>	<b>\$ 1,858,071</b>	<b>\$ 2,323,247</b>	<b>\$ 2,284,453</b>	<b>\$ 1,449,613</b>	<b>\$1,048,637</b>

\* Restated

Source: School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 3,751,707	\$ 4,010,859	\$ 3,700,336	\$ 2,385,007	\$ 2,330,524	\$ 2,231,773	\$ 2,298,956	\$ 2,372,899	\$ 2,307,831	\$ 2,998,252
Special Education	1,529,447	1,749,893	1,867,738	787,052	748,757	784,326	572,636	786,905	770,358	801,762
Other Special Instruction	93,287	127,896	247,095	168,837	180,228	221,075	253,641	254,279	280,339	41,492
School-Sponsored Instruction	3,502	4,602	4,564	125,111	124,326	93,154	106,353	124,272	132,455	63,561
Support Services:										
Student & Instruction Related Services	486,764	528,669	639,425	3,133,971	2,919,162	2,587,292	2,819,372	3,125,710	2,630,728	4,075,329
General Administrative Services	422,659	429,852	270,079	257,755	296,462	293,982	383,838	324,532	336,638	276,959
School Administrative Services	134,252	150,389	215,920	126,550	97,247	106,341	108,593	126,779	127,090	172,573
Central Services	205,066	238,545	176,298	121,423	125,235	123,846	202,833	211,743	201,156	177,044
Administration Information Technology				46,540	48,535	59,688				
Plant Operations and Maintenance	426,460	526,563	600,721	541,326	533,232	504,207	521,967	570,642	590,550	538,050
Pupil Transportation	725,545	733,985	788,756	789,202	747,527	725,546	848,952	861,388	929,334	1,011,551
Charter Schools				467,372	540,851	919,957	726,638	702,967	761,756	573,397
Capital Outlay									993	17,184
Interest on Long-term Debt	39,718	36,566	33,317	29,906	26,395	28,666	25,558	17,493	15,607	3,498
<b>Total Governmental Activities Expenses</b>	<b>7,818,407</b>	<b>8,537,819</b>	<b>8,544,249</b>	<b>8,980,052</b>	<b>8,718,481</b>	<b>8,679,853</b>	<b>8,869,337</b>	<b>9,479,609</b>	<b>9,084,835</b>	<b>10,750,652</b>
Business-type Activities:										
Food Service	146,424	157,528	161,097	187,660	116,080	95,254	108,235	107,825	107,342	98,249
<b>Total Business-type Activities Expenses</b>	<b>146,424</b>	<b>157,528</b>	<b>161,097</b>	<b>187,660</b>	<b>116,080</b>	<b>95,254</b>	<b>108,235</b>	<b>107,825</b>	<b>107,342</b>	<b>98,249</b>
<b>Total District Expenses</b>	<b>7,964,831</b>	<b>8,695,347</b>	<b>8,705,346</b>	<b>9,167,712</b>	<b>8,834,561</b>	<b>8,775,107</b>	<b>8,977,572</b>	<b>9,587,434</b>	<b>9,192,177</b>	<b>10,848,901</b>
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	1,419,923	1,618,766	1,551,559	1,200,022	1,258,605	1,340,307	1,377,013	1,481,482	1,373,284	2,284,675
Capital Grants and Contributions	45,280					105,556				
<b>Total Governmental Activities Program Revenues</b>	<b>1,465,203</b>	<b>1,618,766</b>	<b>1,551,559</b>	<b>1,200,022</b>	<b>1,258,605</b>	<b>1,445,863</b>	<b>1,377,013</b>	<b>1,481,482</b>	<b>1,373,284</b>	<b>2,284,675</b>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Program Revenues</b>										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 37,606	\$ 34,753	\$ 32,224	\$ 32,993	\$ 28,703	\$ 27,168	\$ 23,184	\$ 21,623	\$ 17,416	\$ 14,718
Operating Grants and Contributions	71,351	61,858	59,649	76,191	80,636	79,558	83,244	88,933	88,435	87,362
Total Business-type Activities Revenues	108,957	96,611	91,873	109,184	109,339	106,726	106,428	110,556	105,851	102,080
Total District Program Revenues	1,574,160	1,715,377	1,643,432	1,309,206	1,367,944	1,552,589	1,483,441	1,592,038	1,479,135	2,386,755
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(6,353,204)	(6,919,053)	(6,992,690)	(7,780,030)	(7,459,876)	(7,233,990)	(7,492,324)	(7,998,127)	(7,711,551)	(8,465,977)
Business-type Activities	(37,467)	(60,917)	(69,224)	(78,476)	(6,741)	11,472	(1,807)	2,731	(1,491)	3,831
Total District-wide Net (Expense)/Revenue	(6,390,671)	(6,979,970)	(7,061,914)	(7,858,506)	(7,466,617)	(7,222,518)	(7,494,131)	(7,995,396)	(7,713,042)	(8,462,146)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	4,318,088	4,941,024	4,976,774	5,083,322	5,286,654	5,298,120	5,404,082	5,447,314	5,556,260	5,667,385
Taxes Levied for Debt Service				75,727	76,977	77,086	130,469	123,414	124,525	124,637
Unrestricted Grants and Contributions	1,898,255	1,898,475	1,962,287	2,391,852	2,329,279	2,114,510	2,381,601	2,361,340	2,220,065	2,245,946
Investment Earnings	41,674	69,098	45,957	431	172	31	2,922	1,749	2,423	1,174
Miscellaneous Income	8,699	37,036	8,185	15,823	26,133	28,105	40,181	22,777	3,163	20,273
Transfers	(41,081)	(53,577)	(65,233)	(72,664)	(15,300)		(2,276)			1,748
Total Governmental Activities	6,225,635	6,892,056	6,927,970	7,494,491	7,703,915	7,517,852	7,956,979	7,956,594	7,906,436	8,061,163
Business-type Activities:										
Investment Earnings		449	246	194	123	59	52	8	11	7
Transfers	41,152	53,678	65,233	72,664	15,300		2,276			
Total Business-type Activities	41,152	54,127	65,479	72,858	15,423	59	2,328	8	11	7
Total District-wide	6,266,787	6,946,183	6,993,449	7,567,349	7,719,338	7,517,911	7,959,307	7,956,602	7,906,447	8,061,170

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Change in Net Position</b>										
Governmental Activities	\$ (127,569)	\$ (26,997)	\$ (64,720)	\$ (285,539)	\$ 244,039	\$ 283,862	\$ 464,655	\$ (41,533)	\$ 194,885	\$ (404,814)
Business-type Activities	3,685	(6,790)	(3,745)	(5,618)	8,682	11,531	521	2,739	(1,480)	3,838
Total District	<u>\$ (123,884)</u>	<u>\$ (33,787)</u>	<u>\$ (68,465)</u>	<u>\$ (291,157)</u>	<u>\$ 252,721</u>	<u>\$ 295,393</u>	<u>\$ 465,176</u>	<u>\$ (38,794)</u>	<u>\$ 193,405</u>	<u>\$ (400,976)</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)  
 UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 413,661	\$ 129,950	\$ 84,863	\$ 62,009	\$ 204,449					
Unrestricted/(Deficit)	85,760	180,807	220,169	(40,458)	91,773					
Restricted						\$ 152,576	\$ 210,760	\$ 167,687	\$ 167,802	\$ 366,610
Assigned						179,244	370,616	252,135	556,989	85,601
Unassigned						186,927	361,530	344,274	212,471	62,020
<b>Total General Fund</b>	<b>\$ 499,421</b>	<b>\$ 310,757</b>	<b>\$ 305,032</b>	<b>\$ 21,551</b>	<b>\$ 296,222</b>	<b>\$ 518,747</b>	<b>\$ 942,906</b>	<b>\$ 764,096</b>	<b>\$ 937,262</b>	<b>\$ 514,231</b>
All Other Governmental Funds:										
Unreserved/(Deficit)	\$ 5,177	\$ 1	\$ (3,961)	\$ 4	\$ 3					
Restricted								\$ 25		
Committed										\$ 31,332
Unassigned / (Deficit)						\$ (158,330)	\$ (112,730)	(68,409)	\$ (21,917)	(2,008)
<b>Total All Other Governmental Funds</b>	<b>\$ 5,177</b>	<b>\$ 1</b>	<b>\$ (3,961)</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ (158,330)</b>	<b>\$ (112,730)</b>	<b>\$ (68,384)</b>	<b>\$ (21,917)</b>	<b>\$ 29,324</b>
Total All Governmental Funds:										
Reserved	\$ 413,661	\$ 129,950	\$ 84,863	\$ 62,009	\$ 204,449					
Unrestricted/(Deficit)	90,937	180,808	216,208	(40,454)	91,776					
Restricted						\$ 152,576	\$ 210,760	\$ 167,712	\$ 167,802	\$ 366,610
Committed										31,332
Assigned						179,244	370,616	252,135	556,989	85,601
Unassigned						186,927	248,800	275,865	190,554	60,012
<b>Total All Governmental Funds</b>	<b>\$ 504,598</b>	<b>\$ 310,758</b>	<b>\$ 301,071</b>	<b>\$ 21,555</b>	<b>\$ 296,225</b>	<b>\$ 518,747</b>	<b>\$ 830,176</b>	<b>\$ 695,712</b>	<b>\$ 915,345</b>	<b>\$ 543,555</b>

Source: School District Financial Reports.



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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$ 4,318,088	\$ 4,941,024	\$ 4,976,774	\$ 5,159,049	\$ 5,363,631	\$ 5,375,206	\$ 5,534,551	\$ 5,570,728	\$ 5,680,785	\$ 5,792,022
Interest Earnings	41,674	69,098	45,957	431	172	28,136	85	153	115	1,174
Miscellaneous	8,699	37,036	8,185	15,823	26,133		42,918	24,373	5,471	20,273
State Sources	2,953,794	3,061,078	3,179,989	3,242,018	2,981,201	3,066,642	3,101,513	3,295,621	3,273,397	3,324,954
Federal Sources	409,664	456,163	333,857	349,856	606,683	493,731	657,101	558,284	319,952	611,857
<b>Total Revenues</b>	<b>7,731,919</b>	<b>8,564,399</b>	<b>8,544,762</b>	<b>8,767,177</b>	<b>8,977,820</b>	<b>8,963,715</b>	<b>9,336,168</b>	<b>9,449,159</b>	<b>9,279,720</b>	<b>9,750,280</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	3,655,252	3,973,178	3,636,114	1,670,131	1,636,549	1,598,512	1,649,861	1,681,813	1,663,814	1,806,233
Special Education Instruction	1,500,405	1,731,688	1,843,096	561,338	551,668	608,627	441,953	568,109	555,804	429,140
Other Special Instruction	90,528	124,608	240,263	166,061	177,038	215,119	248,082	249,755	275,142	40,838
School Sponsored Activities and Athletics	3,442	4,522	4,479	29,258	30,975	3,599	3,250	3,775	3,600	3,850
<b>Support Services:</b>										
Student & Instruction Related Services	475,169	522,973	621,000	2,912,793	2,705,455	2,420,156	2,611,494	2,871,226	2,455,315	3,851,721
General Administrative Services	413,991	422,932	265,191	209,342	250,328	242,437	331,468	263,365	287,355	228,093
School Administrative Services	124,819	146,049	209,673	84,850	70,009	74,345	75,685	85,648	87,301	92,236
Central Services	196,185	238,509	170,172	88,413	93,019	93,413	153,594	159,799	155,401	131,922
Administration Information Technology				33,278	35,552	44,794				
Plant Operations and Maintenance	414,390	516,486	591,329	457,961	450,019	442,502	466,601	502,796	515,093	455,828
Pupil Transportation	724,517	732,951	787,314	761,943	717,329	694,822	824,317	837,060	901,123	972,826
Unallocated Benefits				1,394,175	1,310,574	1,182,010	1,154,015	1,398,148	1,302,601	1,432,413
Charter Schools				467,372	540,851	919,957	726,638	702,967	761,756	573,397
Transfer to/(from) Food Service Fund				72,664	(15,300)					
Capital Outlay	143,460	193,018	20,988	40,929	20,711	265,133	75,055	161,964	993	15,953
<b>Debt Service:</b>										
Principal	60,000	60,000	65,000	65,000	70,000	70,000	120,575	121,500	127,500	128,500
Interest and Other Charges	40,898	37,748	34,597	31,185	27,773	24,097	27,220	22,198	14,789	9,368
<b>Total Expenditures</b>	<b>7,843,056</b>	<b>8,704,662</b>	<b>8,489,216</b>	<b>9,046,693</b>	<b>8,672,550</b>	<b>8,899,523</b>	<b>8,909,808</b>	<b>9,630,123</b>	<b>9,107,587</b>	<b>10,172,318</b>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)  
 UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (111,137)	\$ (140,263)	\$ 55,546	\$ (279,516)	\$ 305,270	\$ 64,192	\$ 426,360	\$ (180,964)	\$ 172,133	\$ (422,038)
<b>Other Financing Sources (Uses)</b>										
Premium on Temporary Note Funded by Budget Appropriation							100			
Transfers In	67,991	101		3			45,575	46,500	47,500	48,500
Transfers Out	(109,072)	(53,678)	(65,233)	(3)			100			1,748
Total Other Financing Sources (Uses)	(41,081)	(53,577)	(65,233)	-0-	-0-	-0-	43,399	46,500	47,500	50,248
Net Change in Fund Balances	\$ (152,218)	\$ (193,840)	\$ (9,687)	\$ (279,516)	\$ 305,270	\$ 64,192	\$ 469,759	\$ (134,464)	\$ 219,633	\$ (371,790)
Debt Service as a Percentage of Noncapital Expenditures	1.31%	1.15%	1.18%	1.07%	1.13%	1.09%	1.67%	1.52%	1.56%	1.36%

Source: School District Financial Reports.

Exhibit J-5

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)  
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2006	\$ 41,674		\$ 8,699	\$ 50,373
2007	69,098		37,036	106,134
2008	45,957		8,185	54,142
2009	11,561	\$ 89	4,604	16,254
2010	16,759	374	9,172	26,305
2011	6,425		21,711	28,136
2012	2,922	28,402	11,679	43,003
2013	1,749	4,537	18,240	24,526
2014	2,423		3,163	5,586
2015	1,174	6,269	14,004	21,447

Source: Township of Montague School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	\$ 16,244,800	\$ 159,613,500	\$ 7,371,600	\$ 999,810	\$ 21,310,900	\$ 2,136,600	\$ 420,000	\$ 208,097,210	\$ 972,159	\$ 209,069,369	\$ 52,596,450	\$ 2.080	\$ 305,237,886
2006	15,167,800	166,148,500	8,584,600	1,004,660	21,686,900	2,136,600	420,000	215,149,060	770,279	215,919,339	53,247,150	2.144	391,060,312
2007	14,648,400	171,705,250	8,584,600	1,036,760	21,961,400	2,136,600	420,000	220,493,010	677,937	221,170,947	53,268,150	2.241	452,907,438
2008	14,229,190	176,080,600	8,697,200	1,108,910	22,412,400	2,136,600	420,000	225,084,900	686,971	225,771,871	53,343,350	2.246	479,040,677
2009	13,386,140	177,610,600	9,137,800	1,223,170	22,500,100	2,136,600	420,000	226,414,410	545,181	226,959,591	53,982,550	2.318	481,711,730
2010	13,010,940	179,655,000	8,751,800	1,189,920	22,778,000	2,136,600	420,000	227,942,260	592,314	228,534,574	54,002,850	2.349	453,597,230
2011	12,562,400	180,529,800	8,853,900	1,095,460	21,018,300	2,136,600	420,000	226,616,460	646,537	227,262,997	54,457,950	2.390	410,086,506
2012	11,832,000	179,693,200	9,455,700	1,290,860	21,018,300	2,136,600	420,000	225,846,660	692,194	226,538,854	54,975,550	2.471	374,978,952
2013	11,878,750	179,701,043	9,339,100	1,146,042	18,932,540	1,899,300	420,000	223,316,775	683,418	224,000,193	55,757,350	2.471	333,192,269
2014	10,862,850	180,125,043	9,638,000	1,159,342	19,083,140	1,899,300	420,000	223,187,675		223,187,675	55,586,950	2.597	333,175,171

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100.

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

Source: Municipal Tax Assessor.

Exhibit J-7

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

Year Ended December 31,	Township of Montague School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Montague	Sussex County	
2005	\$ 2.054	\$ 0.026	\$ 2.080	\$ 0.273	\$ 0.677	\$ 3.030
2006	2.120	0.024	2.144	0.374	0.792	3.310
2007	2.215	0.026	2.241	0.392	0.837	3.470
2008	2.213	0.033	2.246	0.400	0.818	3.464
2009	2.285	0.033	2.318	0.440	0.807	3.565
2010	2.315	0.034	2.349	0.469	0.803	3.621
2011	2.334	0.056	2.390	0.476	0.768	3.634
2012	2.416	0.055	2.471	0.497	0.769	3.737
2013	2.417	0.054	2.471	0.524	0.756	3.751
2014	2.541	0.056	2.597	0.547	0.780	3.924

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

Exhibit J-8

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Tri State Mall Assoc.	\$ 7,095,100	1	3.18%
GP7 Weider Rd. LLC C/O Grand Pacific	1,282,400	2	0.57%
Individual Taxpayer #1	1,228,900	3	0.55%
General Equities Inc.	823,700	4	0.37%
Individual Taxpayer #2	734,000	5	0.33%
LAC Realty Corp.	697,200	6	0.31%
McDonald Corp.	660,000	7	0.30%
Petrozino LLC	635,000	8	0.28%
442 Montague LLC	616,900	9	0.28%
Tenneco Inc	600,000	10	0.27%
Total	<u>\$ 14,373,200</u>		<u>6.44%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
INFORMATION IS NOT AVAILABLE			

## Exhibit J-9

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 4,318,088	\$ 4,318,088	100.00%	\$ -0-
2007	4,941,024	4,941,024	100.00%	-0-
2008	4,976,774	4,976,774	100.00%	-0-
2009	5,159,049	5,159,049	100.00%	-0-
2010	5,363,631	5,363,631	100.00%	-0-
2011	5,375,206	5,375,206	100.00%	-0-
2012	5,534,551	5,521,439	99.76%	13,112
2013	5,570,728	5,570,728	100.00%	-0-
2014	5,680,785	5,680,785	100.00%	-0-
2015	5,792,022	5,792,022	100.00%	-0-

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

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

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Bond Anticipation Notes (BANs)			
2006	\$ 719,000	\$ -0-	\$ 719,000	0.44%	\$ 191.33
2007	659,000	-0-	659,000	0.37%	172.38
2008	594,000	-0-	594,000	0.31%	153.69
2009	529,000	-0-	529,000	0.27%	135.99
2010	459,000	-0-	459,000	0.24%	117.51
2011	389,000	237,075	626,075	0.33%	161.78
2012	314,000	191,500	505,500	0.26%	131.40
2013	239,000	145,000	384,000	0.19%	100.44
2014	159,000	97,500	256,500	0.13%	66.42
2015	79,000	49,000	128,000	0.06%	33.79

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

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

Source: School District Financial Reports.



Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2006	\$ 719,000	\$ 719,000	0.344%	\$ 191.33
2007	659,000	659,000	0.305%	172.38
2008	594,000	594,000	0.269%	153.69
2009	529,000	529,000	0.234%	135.99
2010	459,000	459,000	0.202%	117.51
2011	389,000	389,000	0.170%	100.52
2012	314,000	314,000	0.138%	81.62
2013	239,000	239,000	0.106%	62.52
2014	159,000	159,000	0.071%	41.17
2015	79,000	79,000	0.035%	20.86

**a** - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

**b** - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports.

Exhibit J-12

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Township of Montague	\$ 502,520	100.00%	\$ 502,520
Sussex County General Obligation Debt	68,100,067	1.93 %	<u>1,312,360</u>
Subtotal, Overlapping Debt			1,814,880
Township of Montague School District Direct Debt			<u>159,000</u>
<b>Total Direct and Overlapping Debt</b>			<b><u><u>\$ 1,973,880</u></u></b>

**a** - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

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

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

Exhibit J-13

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

**Legal Debt Margin Calculation for Fiscal Year 2015**

Year Ended December 31,	Equalized Valuation Basis
2014	\$ 319,295,672
2013	332,173,610
2012	348,744,070
	\$1,000,213,352
Average Equalized Valuation of Taxable Property	\$ 333,404,451
Debt Limit (2.5% of Average Equalization Value)	\$ 8,335,111 <sup>a</sup>
Net Bonded School Debt	79,000
Legal Debt Margin	\$ 8,256,111

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 7,712,211	\$ 9,251,672	\$ 10,748,014	\$ 11,561,878	\$ 11,633,766
Total Net Debt Applicable to Limit	719,000	659,000	594,000	529,000	459,000
Legal Debt Margin	\$ 6,993,211	\$ 8,592,672	\$ 10,154,014	\$ 11,032,878	\$ 11,174,766
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.32%	7.12%	5.53%	4.58%	3.95%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 11,149,744	\$ 10,294,423	\$ 8,798,852	\$ 8,798,852	\$ 8,335,111
Total Net Debt Applicable to Limit	389,000	314,000	239,000	159,000	79,000
Legal Debt Margin	\$ 10,760,744	\$ 9,980,423	\$ 8,559,852	\$ 8,639,852	\$ 8,256,111
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.49%	3.05%	2.72%	1.81%	0.95%

<sup>a</sup> - Limit set by NJS A 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts.

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

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

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Sussex County Per Capita Personal Income<sup>b</sup></u>	<u>Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2006	3,823	\$ 46,200	\$ 176,622,600	4.80%
2007	3,865	48,898	188,990,770	7.60%
2008	3,890	49,750	193,527,500	9.60%
2009	3,906	48,261	188,507,466	15.50%
2010	3,870	49,042	189,792,540	16.40%
2011	3,847	50,800	195,427,600	16.00%
2012	3,823	52,592	201,059,216	15.90%
2013	3,788	52,958	200,604,904	13.00%
2014	3,770	52,958 **	199,651,660	6.80%
2015	3,770 *	52,958 **	199,651,660 ***	N/A

\* - Latest population data available (2014) was used for calculation purposes.

\*\* - Latest Sussex County per capita personal income available (2013) was used for calculation purposes.

\*\*\* - Latest available population data (2014) and latest available Sussex County per capita personal income (2013) was used for calculation purposes.

N/A - Information not available

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the county population and per capita personal income presented

<sup>c</sup> Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2014		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2,000	1	2.71%
Newton Memorial Hospital	1,200	2	1.63%
Selective Insurance	900	3	1.22%
County of Sussex	830	4	1.13%
Mountain Creek Resort	800	5	1.08%
Ames Rubber Corp.	445	6	0.60%
Shop Rite Supermarkets (Ronetco)	301	7	0.41%
Andover Subacute & Rehab Center	300	8	0.41%
Sussex County Community College	300	9	0.41%
SCARC, Inc.	287	10	0.39%
	<u>7,363</u>		<u>9.99%</u>
Total Employment	<u>73,737</u>		

Employer	2005		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance	954	1	2.44%
Andover Subacute & Rehab Center	900	2	2.30%
County of Sussex	800	3	2.04%
Newton Memorial Hospital	800	4	2.04%
Ronetco Supermarkets	757	5	1.93%
Vernon Township Board of Education	629	6	1.61%
F.O. Phoenix, Inc.	600	7	1.53%
Mountain Creek Resort	450	8	1.15%
Hopatcong Board of Education	380	9	0.97%
Wal-Mart	300	10	0.77%
	<u>6,570</u>		<u>16.78%</u>
Total Employment	<u>N/A</u>		

N/A - Total amount of employment is not available

Source: Sussex County Chamber of Commerce

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN 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>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	23.6	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	23.5
Special Education	6.1	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.5
Other Instruction	5.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Support Services:										
Student & Instruction Related Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General Administrative Services	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5	2.5	2.5
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5	2.5
Pupil Transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total	<u>52.2</u>	<u>50.5</u>	<u>50.5</u>	<u>50.5</u>	<u>49.5</u>	<u>48.5</u>	<u>48.5</u>	<u>48.5</u>	<u>48.5</u>	<u>46.5</u>

Source: District Personnel Records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	312	\$ 7,598,698	\$ 24,355	23.29%	30.0	10:1	308.8	295.6	-5.45%	95.73%
2007	302	8,413,896	27,861	14.39%	30.0	10:1	299.3	290.5	-3.08%	97.06%
2008	316	8,368,631	26,483	-4.94%	30.0	9:1	282.4	273.3	-5.65%	96.78%
2009	302	8,909,579	29,502	11.40%	30.0	10:1	291.2	284.3	3.12%	97.63%
2010	299	8,554,066	28,609	-3.03%	30.0	10:1	290.4	284.7	-0.27%	98.04%
2011	302	8,540,293	28,279	-1.15%	28.0	11:1	302.1	294.5	4.03%	97.48%
2012	293	8,686,958	29,628	4.77%	28.0	10:1	293.2	281.4	-2.95%	95.98%
2013	273	9,324,461	34,156	15.28%	28.0	10:1	273.0	264.8	-6.89%	97.00%
2014	259	8,964,305	34,611	1.33%	28.0	9:1	259.2	250.2	-5.05%	96.53%
2015	219	10,018,497	45,747	32.17%	26.0	9:1	216.1	206.1	-16.63%	95.37%

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Township of Montague School District records.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Elementary School										
Square Feet	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010
Capacity (students)	336	327	327	327	327	327	327	327	327	327
Enrollment	312	302	316	302	299	302	293	273	259	219

Number of Schools at June 30, 2015  
 Elementary = 1

Note: Enrollment is based on the annual October District count.

Source: Township of Montague School District Facilities Office.



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

Undistributed Expenditures - Required Maintenance  
 For School Facilities - Account #11-000-261-XXX:

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
<u>School Facilities*</u>					
Montague Elementary School	\$ 112,109	\$ 85,925	\$ 79,877	\$ 96,998	\$ 88,903
<u>School Facilities*</u>					
Montague Elementary School	\$ 65,105	\$ 50,405	\$ 120,572	\$ 96,245	\$ 48,930

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

Source: Township of Montague School District records.

Exhibit J-20

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 16,000,000	\$ 5,000
Commercial General Liability	16,000,000	
Commercial Automobile	16,000,000	
Board of Education Liability	16,000,000	10,000
Public Employee Dishonesty Bond	500,000	1,000
Workers Compensation	Statutory	
Selective Insurance Surety Bonds:		
School Business Administrator/Board Secretary	200,000	
Treasurer of School Monies	200,000	

Source: Township of Montague School District records.

**SINGLE AUDIT SECTION**



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Montague School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
October 16, 2015

NISIVOCCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant



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

Report on Compliance For Each Major Federal and State Program:  
Report on Internal Control Over Compliance Required by OMB Circular A-133  
and New Jersey's OMB Circulars 04-04 and 15-08  
Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Montague Township School District  
 County of Sussex, New Jersey.

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

We have audited the Board of Education of the Township of Montague School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

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

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-8, 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
October 16, 2015

NISIVOCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor/ Program/Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2014 Budgetary Accounts Receivable</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Cancellation of Prior Year Encum- brances</u>	<u>Balance at June 30, 2015 Budgetary Accounts Receivable</u>	<u>Due to Grantor</u>
<u>U.S. Department of Agriculture:</u>										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 9,344		\$ 9,344	\$ (9,344)			
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	37,487		26,343	(37,487)		\$ (11,144)	
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	38,453	\$ (7,924)	7,924				
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	39,599		27,904	(39,599)		(11,695)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	40,975	(8,148)	8,148				
Total Child Nutrition Cluster/U.S. Department of Agriculture					(16,072)	79,663	(86,430)		(22,839)	
<u>U.S. Department of Education:</u>										
<u>Special Revenue Fund:</u>										
Rural Education Achievement Program	84.358A	S358A043714	7/1/13-9/30/14	24,016		24,016	(24,016)			
Rural Education Achievement Program	84.358A	S358A043714	7/1/12-9/30/13	25,888	(25,888)	25,888				
Total Rural Education Achievement Program				25,888	(25,888)	49,904	(24,016)			
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA330015	7/1/14-6/30/15	95,982		95,982	(95,982)			
I.D.E.A. Part B, Basic	84.027	IDEA330014	7/1/13-6/30/14	112,784	(112,784)	112,784				
I.D.E.A. Preschool	84.173	IDEA330015	7/1/14-6/30/15	4,188			(4,188)		(4,188)	
I.D.E.A. Preschool	84.173	IDEA330014	7/1/13-6/30/14	4,416	(4,416)	4,416				
Total Special Education Cluster					(117,200)	213,182	(100,170)		(4,188)	
No Child Left Behind:										
Title I	84.010	NCLB330015	7/1/14-6/30/15	278,535		264,959	(278,535)		(13,576)	
Title I	84.010	NCLB330014	7/1/13-6/30/14	150,143	(12,225)	12,225		\$ 287		\$ 287
Total Title I					(12,225)	277,184	(278,535)	287	(13,576)	287
Title IIA	84.367	NCLB330015	7/1/14-6/30/15	9,865		9,865	(9,865)			
Title IIA	84.367	NCLB330014	7/1/13-6/30/14	8,124	(6,608)	6,608				
Total Special Revenue Fund					(161,921)	556,743	(412,586)	287	(17,764)	287
<u>General Fund:</u>										
Impact Aid	84.041	40-NJ-2008-4401	7/1/14-6/30/15	171,644		171,644	(171,644)			
Total U.S. Department of Education					(161,921)	728,387	(584,230)	287	(17,764)	287



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor/ Program/Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2014 Budgetary Accounts Receivable</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Cancellation of Prior Year Encum- brances</u>	<u>Balance at June 30, 2015 Budgetary Accounts Receivable</u>	<u>Due to Grantor</u>
<u>U.S. Department of Health and Human Services:</u>										
<u>General Fund:</u>										
Medicaid Assistance Program	93.778	N/A	7/1/14-6/30/15	\$ 677		\$ 677	\$ (677)			
Medicaid Assistance Program	93.778	N/A	7/1/12-6/30/13	10,509		10,509	(10,509)			
Medicaid Assistance Program	93.778	N/A	7/1/11-6/30/12	713		713	(713)			
ARRA - Medicaid Assistance Program	93.778	N/A	10/1/08-12/31/10	3,790		3,790	(3,790)			
Total U.S. Department of Health and Human Services						<u>15,689</u>	<u>(15,689)</u>			
Total Federal Awards					<u>\$ (177,993)</u>	<u>\$ 823,739</u>	<u>\$ (686,349)</u>	<u>\$ 287</u>	<u>\$ (40,603)</u>	<u>\$ 287</u>

N/A - Not Available/Applicable

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance	Cash	Budgetary Expenditures	Balance	MEMO	
				June 30, 2014			June 30, 2015	Budgetary	Cumulative
				Budgetary Accounts Receivable	Received		GAAP Accounts Receivable	Receivable	Total Expenditures
<u>State Department of Education:</u>									
General Fund State Aid:									
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 257,132		\$ 231,557	\$ (257,132)		\$ (25,575)	\$ 257,132
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	1,906,677		1,717,034	(1,906,677)		(189,643)	1,906,677
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	100,706		90,689	(100,706)		(10,017)	100,706
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	26,780		24,116	(26,780)		(2,664)	26,780
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	398,801		359,135	(398,801)		(39,666)	398,801
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	4,510		4,061	(4,510)		(449)	4,510
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	4,510		4,061	(4,510)		(449)	4,510
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	67,367			(67,367)	\$ (67,367)	(67,367)	67,367
Excess Nonpublic Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	13,116			(13,116)	(13,116)	(13,116)	13,116
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	185,689		168,033	(185,689)	(17,656)	(17,656)	185,689
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	257,132	\$ (25,620)	25,620				257,132
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	1,906,677	(189,978)	189,978				1,906,677
Categorical Security Aid	14-495-034-5120-084	7/1/13-6/30/14	100,706	(10,034)	10,034				100,706
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	26,780	(2,668)	2,668				26,780
Categorical Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	398,801	(39,737)	39,737				398,801
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	86,023	(86,023)	86,023				86,023
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/13-6/30/14	14,667	(14,667)	14,667				14,667
Subtotal - General Fund				(368,727)	2,967,413	(2,965,288)	(98,139)	(366,602)	5,756,074
Debt Service Fund Aid:									
Debt Service Aid - State Support	15-100-034-5120-125	7/1/14-6/30/15	15,972		15,972	(15,972)			15,972
Subtotal - Debt Service Fund					15,972	(15,972)			15,972
Food Service Fund:									
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	932		665	(932)	(267)	(267)	932
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	958	(192)	192				958
Subtotal - Food Service Fund				(192)	857	(932)	(267)	(267)	1,890
Total State Department of Education				(368,919)	2,984,242	(2,982,192)	(98,406)	(366,869)	5,773,936
Total State Awards				\$ (368,919)	\$ 2,984,242	\$ (2,982,192)	\$ (98,406)	\$ (366,869)	\$ 6,412,661

N/A - Not Applicable/Available

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

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Montague Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$426) for the General Fund and \$11,938 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include on-behalf TPAF Pension and Post Retirement Contributions revenue of \$132,993 and \$211,127 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 187,333	\$ 3,308,982	\$ 3,496,315
Special Revenue Fund	424,524		424,524
Debt Service Fund		15,972	15,972
Food Service Enterprise Fund	86,430	932	87,362
Total Awards	<u>\$ 698,287</u>	<u>\$ 3,325,886</u>	<u>\$ 4,024,173</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2015. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	C.F.D.A. / State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Title I	84.010	7/1/14-6/30/15	\$ 278,535	\$ 278,535
Impact Aid	84.041	7/1/14-6/30/15	171,644	171,644
<u>State:</u>				
Categorical Special				
Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 257,132	\$ 257,132
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	1,906,677	1,906,677
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	100,706	100,706
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	26,780	26,780
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	4,510	4,510
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	4,510	4,510

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08 was \$500,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs under the provisions of section 530 of the Federal Circular.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year audit findings.