

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Montville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Montville Township Public Schools

Montville, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION

Montville Township Public Schools

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

René T. Rovtar
Superintendent of Schools

James T. Tevis
School Business Administrator/
Board Secretary

October 18, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Montville Township Public Schools (the “district”) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Montville Township Public Schools. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the 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 basic financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions U.S. Uniform Guidance and State of New Jersey OMB Circular Letter 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.” Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Montville Township Public Schools is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds of the district are included in this report. The Montville Township Board of Education and all its schools constitute the district’s reporting entity.

The district provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped students. The district completed the 2015-2016 fiscal year with an enrollment of 3,773 students, including out-of-placements, which is 113 students less than the previous year’s reported enrollment. The following details the changes in the student enrollment of the district over the last eight years:

Fiscal Year	Student Enrollment	Percent Change
2015-2016	3,773	-2.9
2014-2015	3,886	-2.4
2013-2014	3,980	-2.2
2012-2013	4,069	-1.7
2011-2012	4,140	-1.9
2010-2011	4,218	-1.1
2009-2010	4,263	+0.8
2008-2009	4,231	-0.7
2007-2008	4,261	+1.4

2. ECONOMIC CONDITION AND OUTLOOK: Montville Township is currently experiencing its slowest growth rate, which, was estimated at 6.8% between 2000 and 2008. As the population continues to increase, so do the demands for services as well as facilities and infrastructure improvements. In keeping with these demands, the Township continues to undertake new projects and continues to respond to the public demand for additional facilities. The local planning board continues to review and approve some subdivisions. The impact on the annual daily enrollment of the schools however should be minimal especially since total district-wide enrollments have been decreasing for several years now. The district recently completed a demographics study in 2016, which forecasts a declining enrollment for the next several years.

The Township has enacted an Economic Development Committee, which is charged with developing and implementing a strategic business attraction and retention program for the municipality. Its practical function over the past few years has been to match enterprises looking for a new home with a suitable and appropriate location within the Township's borders. The Economic Development Committee's mission is to attract strong and diverse corporations that will add to the township's already strong and diverse business mix.

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

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

3. MAJOR INITIATIVES AND ACCOMPLISHMENTS: Montville Township students continue to score above state averages on all tests and remain competitive among our peer schools. The district offers a robust curriculum, where students of all abilities can meet with academic success.

Throughout the past school year many of our schools and programs were recognized at the state and national level. In 2015, *Newsweek* Magazine ranked Montville Township High School among the Top 250 high schools in the nation and *Niche.com* named the Montville Township Public Schools District number 60 in New Jersey. Two of the district's elementary schools, Cedar Hill School and Woodmont School were among only 67 schools in the USA to be named a National School of Character. The district is also working with the United Way Youth Empowerment Alliance, the College of St. Elizabeth, and Atlantic Health on a School Culture and Climate Initiative. The purpose of this three

year collaboration is to provide each school with the resources and information it needs to celebrate its strengths and foster new opportunities for growth. The ultimate goal is to have all the district's schools places where the social, emotional, and academic needs of the students and staff are identified, improved, and celebrated.

Many more of our district accomplishments and initiatives can be seen at Montville Township High School. In the 2015-2016 school year, the high school offered 20 Advanced Placement (AP) courses in their Program of Study. On Advanced Placement testing, 10 students were named *AP National Scholar*, 51 were named *AP Scholar with Distinction*, 24 were named *AP Scholar with Honor*, and 28 were named *AP Scholar*. In the 2015 graduating class, 97.2 percent of Montville Township graduates attended either two or four-year colleges. Over the last three years, the district has had 10 National Merit Finalists, 10 Semi-Finalists and 55 Commended Students. Mean SAT I and ACT scores for Montville students exceeded scores of students in the state and across the country. Students were accepted into many schools ranked highest in *U.S. News and World Report's* list of top colleges and universities.

In addition to established and well-known courses of study, Montville Township High School offered students learning opportunities that are more unique as compared to other high school offerings. Two of these programs are the Science Research Program and the Humanities Research Program. The Science Research Program offers sophomore through senior students the opportunity to participate in self-selected, authentic research in natural or social science. During the three years that students commit to this program, they participate with a mentor from a professional research institution in an internship project. At the conclusion of the course, students are required to present their research to a large group of participants. This program meets the needs of many of our students, who have a passion for the sciences. In 2015-2016 The Humanities Research Program expanded to include the following courses: English 10 – 12, US History I and II, and World History. This program engages students in the process of combining student conducted research with end product creation and leadership development.

Beyond the realm of academics, Montville Township students are very involved in activities that extend classroom learning, and they have achieved state and national recognition in multiple co-curricular and academic areas. During the 2015-2016 school year, the Forensics team once again ranked in the Top 1% of school nationwide and won the School of Excellence in Speech award and the Schools of Honor award in Debate. The Chinese Studies team won the 2016 New Jersey Chinese Culture Project contest, and seven high school art students had their work selected by judges to be displayed in the Blackwell Street Artists 28th Annual Student Exhibition, where one student's piece earned third place. Music students were selected for Regional Orchestra, Band, and the Morris Area Honors Choir, as well as All State Symphonic Band. The high school marching band also received well-deserved accolades when they placed first in the US Bands Group IIIA National Championships. Our FBLA students competed at the State competition, winning first place in Introduction to Business, Database Design and Applications, and Impromptu Speaking. All students qualified for Nationals.

Once again in 2015-2016, Montville Township High School students enjoyed a robust and successful athletics program. The Bowling team continued to dominate winning both the Conference and County Championships and the Wrestling team enjoyed a second straight year of being Sectional Champs. The Boys' Tennis team had an extremely successful season winning the Section I, Group III Championships, while the Girls' Track Team was third in the Morris County Championships and 3rd in the Sectional Championships. Not only are the district's athletes competitive, but they uphold high standards of sportsmanship as evidence by the Boys' Soccer, Girls' Cross-Country, Golf, Tennis, Softball, and Baseball teams winning the Sportsmanship Award, an award selected by their divisional opponents.

Overall, the Montville Township Public School District provided opportunities for students at every age level in all seven schools a comprehensive academic and co-curricular program.

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

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

As part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the school system has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2016.

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

7. CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 4. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The District is a member of a consortium with several other school districts that provides various coverage's of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. This insurance program is administered by a single agent with coverage's insured by different carriers. The District is a member of the Pooled Insurance Program (the "Fund"). The Fund is a risk-sharing public entity pool established for the purpose of insuring against workers' compensation claims.

9. OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins was selected by the Board in 1992 and subsequently reappointed by the Board on an annual basis. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and U.S. Uniform Guidance and State of New Jersey OMB Circular Letter 15-08. The auditor's report on the basic financial statements, each major fund and the aggregate remaining fund information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

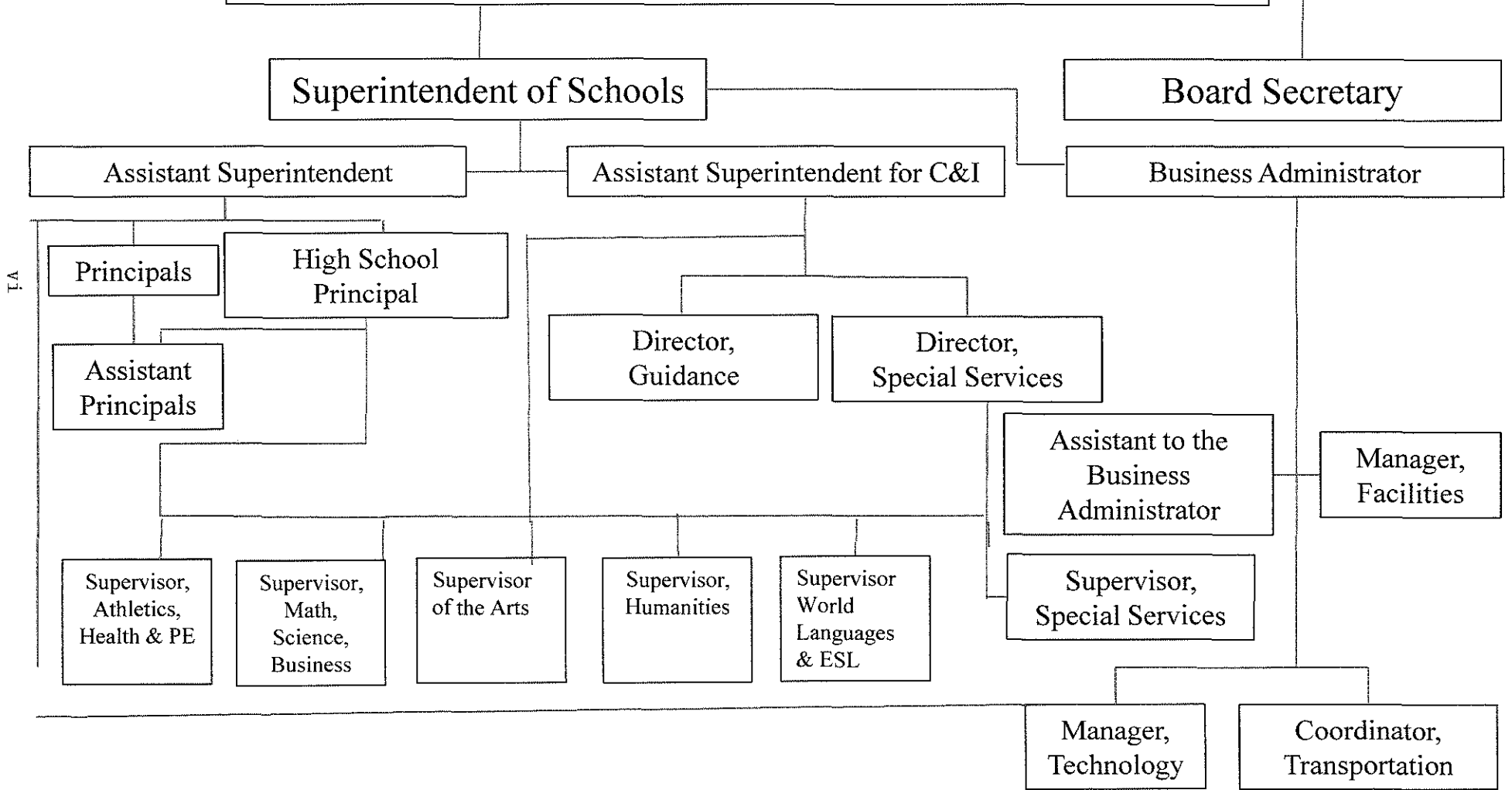


Rene T. Rovtar, Ed.D.
Superintendent of Schools



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

Montville Township Board of Education



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Matthew Kayne, President	2017
Carmela Novi, Vice President	2016
Karen Cortellino	2018
Charles Grau	2018
Michael Johnson	2017
David Modrak	2018
John Morella	2016
Michael O'Brien	2016
Michael Palma	2017

Other Officials

René T. Rovtar, Superintendent of Schools

James T. Tevis, School Business Administrator/Board Secretary

Casey Shorter, Assistant Superintendent

Andrea Woodring, Assistant Superintendent for C&I

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

MONTVILLE TOWNSHIP PUBLIC SCHOOLS

CONSULTANTS AND ADVISORS

Auditing Firm

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

Attorney

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

Official Depository

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLSI, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Montville Township Public Schools
Montville, 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 Montville Township Public Schools, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Montville Township Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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 entity'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 entity'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.

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 Montville Township Public Schools as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

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

Other Information

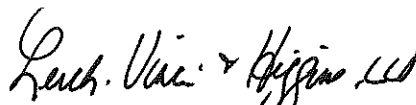
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montville Township Public Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Montville Township Public Schools.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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 combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2016 on our consideration of the Montville Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Montville Township Public Schools' internal control over financial reporting and compliance.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 18, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2016

This discussion and analysis of the Montville Township School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2016. The intent of this analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The District's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year end by \$19,370,128 (net position). The District's net position increased \$240,474, or less than 1.2% from the previous year.
- General revenues accounted for \$67,848,243 or 73 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,985,507 or 27 percent of total revenues of \$92,833,750.
- The School District had \$90,892,363 in governmental activity expenses; only \$23,392,344 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$77,679,966 in revenues and \$79,986,812 in expenditures. After allowing for operating transfers, the General Fund's fund balance decreased \$2,433,922, or 26 percent from 2015.
- The General Fund unassigned budgetary basis fund balance at June 30, 2016 was \$2,550,423 which represents a decrease of \$671,148 compared to the ending unassigned budgetary basis fund balance at June 30, 2015 of \$3,221,571.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The District as a Whole

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

A comparative summary of the District's net position as of June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 7,614,689	\$ 10,415,105
Capital Assets, net of accumulated depreciation	<u>37,374,538</u>	<u>35,952,543</u>
Total Assets	<u>44,989,227</u>	<u>46,367,648</u>
Deferred Outflows of Resources	<u>4,122,448</u>	<u>1,635,778</u>
Total Assets and Deferred Outflows of Resources	<u>49,111,675</u>	<u>48,003,426</u>
Liabilities		
Long-Term Liabilities	28,646,392	27,014,131
Other Liabilities	<u>851,338</u>	<u>1,183,057</u>
Total Liabilities	<u>29,497,730</u>	<u>28,197,188</u>
Deferred Inflows of Resources	<u>243,817</u>	<u>676,584</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,741,547</u>	<u>28,873,772</u>
Net Position		
Net Investment in Capital Assets	25,330,397	22,041,357
Restricted	3,399,251	5,271,211
Unrestricted	<u>(9,359,520)</u>	<u>(8,182,914)</u>
Total Net Position	<u>\$ 19,370,128</u>	<u>\$ 19,129,654</u>

A comparative schedule of the changes in net position for fiscal years ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 2,033,394	\$ 1,895,540
Grants and Contributions	22,952,113	18,464,177
General Revenues:		
Property Taxes	67,293,875	66,018,760
Grants and Entitlements	208,927	197,716
Other	<u>345,441</u>	<u>307,831</u>
Total Revenues	<u>92,833,750</u>	<u>86,884,024</u>
Program Expenses		
Instruction	59,063,977	55,504,011
Support Services:		
Pupils and Instructional Staff	13,470,822	12,554,475
General Administration, School Administration, Business, Operations and Maintenance of Facilities	13,652,601	12,562,132
Pupil Transportation	4,098,468	3,858,003
Interest on Debt	606,495	626,181
Food Service and Extended Day Learning Center	<u>1,700,913</u>	<u>1,637,939</u>
Total Expenses	<u>92,593,276</u>	<u>86,742,741</u>
Increase in Net Position	<u>\$ 240,474</u>	<u>\$ 141,283</u>

Governmental Activities

Property taxes comprise 74 percent of revenues for governmental activities for the Montville Township Public Schools in fiscal year 2016. The District's total governmental revenues were \$91,240,173 for the fiscal year ended June 30, 2016. Federal, state, and local grants accounted for 25 percent of this total revenue. The total cost of all governmental programs and services was \$90,892,363. Instruction comprises 65 percent of District governmental expenses.

Business-Type Activities

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

- Business-Type Activities expenses exceeded revenues by \$107,336.
- Charges for services represent 99 percent of revenue. This represents amounts paid for food service and extended day learning center fees.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The total cost of services and the net cost of services for the fiscal years ended June 30, 2016 and 2015 are summarized below. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 59,063,977	\$ 55,504,011	\$ 39,409,046	\$ 39,956,662
Support Services				
Pupils and Instructional Staff	13,470,822	12,554,475	10,999,554	10,560,085
General Administration, School Admin., Business, Operation and Maintenance of Facilities	13,652,601	12,562,132	12,683,297	11,807,016
Pupil Transportation	4,098,468	3,858,003	3,838,891	3,291,453
Interest and Fiscal Charges	606,495	626,181	569,231	583,036
Total	<u>\$ 90,892,363</u>	<u>\$ 85,104,802</u>	<u>\$ 67,500,019</u>	<u>\$ 66,198,252</u>

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

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

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

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

Governmental Activities (Continued)

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

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

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$81,422,423 and expenditures were \$83,846,106.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a comparative summary of the governmental fund revenues for the fiscal years ended June 30, 2016 and 2015.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Local Sources	\$ 68,118,197	\$ 66,808,274	\$ 1,309,923	2.0%
State Sources	12,271,912	10,405,221	1,866,691	17.9%
Federal Sources	1,032,314	966,437	65,877	6.8%
Total Revenues	<u>\$ 81,422,423</u>	<u>\$ 78,179,932</u>	<u>\$ 3,242,491</u>	4.1%

The following schedule represents a comparative summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Current				
Instruction	\$ 50,505,041	\$ 49,308,992	\$ 1,196,049	2.4%
Support Services	27,158,081	26,023,758	1,134,323	4.4%
Capital Outlay	3,200,110	859,789	2,340,321	272.2%
Debt Service				
Principal	2,310,074	2,232,394	77,680	3.5%
Interest and Other	672,800	663,918	8,882	1.3%
Total Expenditures	<u>\$ 83,846,106</u>	<u>\$ 79,088,851</u>	<u>\$ 4,757,255</u>	6.0%

General Fund Budgeting Highlights

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

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

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Energy (Heat and Electricity) – There was a substantial decrease in the cost of electricity. A large portion of this reduction is attributed to energy saving initiatives/programs that the district participated with in recent years such as the NJ BPU's Clean Energy Program. These savings contributed to the additional fund balance generated this school year.
- Special Education (OOD Tuition) – These line items generally require significant transfers each year due to the frequently changing needs of these students. These costs, which are associated with the classified population are mandated by law and difficult to anticipate.
- Capital Outlay – Transfers were made to cover the costs related to capital improvement projects throughout the District.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item in the District's budget but is required to be reflected in the financial statements. The amounts reported for 2016 increased from the previous year due to the implementation of GASB Statement No. 68 in recent years.

Capital Assets

At the end of fiscal year 2016, the District had \$73,568,262 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2016 was \$36,193,724. The Table below compares the fiscal year 2016 balances to the 2015 balances.

Capital Assets (Net of Depreciation) at June 30

	<u>2016</u>	<u>2015</u>
Land	\$ 129,801	\$ 129,801
Construction in Progress		990,803
Improvements Other Than Buildings	3,204,259	3,224,248
Building and Building Improvements	32,534,957	29,958,406
Machinery and Equipment	<u>1,505,521</u>	<u>1,649,285</u>
Total Capital Assets, Net	<u>\$37,374,538</u>	<u>\$35,952,543</u>

Debt Administration

At June 30, 2016, the District had \$28,646,392 of long-term liabilities. Of this amount, \$872,027 is for compensated absences; \$316,567 is for outstanding capital leases, \$15,164,540 is the net pension liability, and \$12,293,258 for outstanding serial bonds (including the unamortized premium) issued to fund school construction projects.

Outstanding Bonded Debt at June 30

	<u>2016</u>	<u>2015</u>
2004 Refunding Bonds	\$ 2,530,000	\$ 3,390,000
2008 Refunding Bonds		6,040,000
2008 Refunding Bonds	3,880,000	4,510,000
2016 Refunding Bonds	<u>5,200,000</u>	<u>-</u>
Sub-total	11,610,000	13,940,000
Add: Unamortized Premium on Refunding Bonds	<u>683,258</u>	<u>302,827</u>
Total	<u>\$ 12,293,258</u>	<u>\$ 14,242,827</u>

For the Future

The district continues to experience declining student enrollments, a trend forecasted to continue for another few years. This drop in the overall student population however has not affected the districts stable economic position. The district continues to maintain healthy fund balances, despite a number of financial limits placed on school districts by state law, such as an annual 2% cap on the increase in the local tax levy. Everyone associated with the Montville Township Public Schools is grateful for the community support of the schools. A major concern is the prospect of flat state funding for the foreseeable future, which results in an ever-increasing reliance on local property taxes.

In conclusion, the Montville Township Public Schools has committed itself to financial excellence for several years now. Its system for financial planning, budgeting and internal financial controls is audited annually and the district intends to continue to prioritize its financial management so that it is prepared to face and weather tomorrows challenges.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,332,586	\$ 429,473	\$ 5,762,059
Receivables, net			
Receivables from Other Governments	1,638,247		1,638,247
Accounts	201,749	6,155	207,904
Inventories		6,479	6,479
Internal Balances	442,178	(442,178)	
Capital Assets			
Not Being Depreciated	129,801		129,801
Being Depreciated, Net	37,176,112	68,625	37,244,737
Total Assets	<u>44,920,673</u>	<u>68,554</u>	<u>44,989,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	3,912,237		3,912,237
Deferred Amount on Refunding of Debt	210,211	-	210,211
Total Deferred Outflows of Resources	<u>4,122,448</u>	<u>-</u>	<u>4,122,448</u>
Total Assets and Deferred Outflows of Resources	<u>49,043,121</u>	<u>68,554</u>	<u>49,111,675</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	327,586	26,864	354,450
Payable to Other Governments	4,180		4,180
Unearned Revenue	252,218	46,874	299,092
Accrued Interest Payable	193,616		193,616
Noncurrent Liabilities			
Due Within One Year	2,387,971		2,387,971
Due Beyond One Year	26,258,421		26,258,421
Total Liabilities	<u>29,423,992</u>	<u>73,738</u>	<u>29,497,730</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	243,817	-	243,817
Total Deferred Inflows of Resources	<u>243,817</u>	<u>-</u>	<u>243,817</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,667,809</u>	<u>73,738</u>	<u>29,741,547</u>
NET POSITION			
Net Investment in Capital Assets	25,261,772	68,625	25,330,397
Restricted for:			
Capital Projects	3,130,251		3,130,251
Other Purposes	269,000		269,000
Unrestricted	(9,285,711)	(73,809)	(9,359,520)
Total Net Position	<u>\$ 19,375,312</u>	<u>\$ (5,184)</u>	<u>\$ 19,370,128</u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 38,487,105	\$ 147,706	\$ 11,175,180		\$ (27,164,219)		\$ (27,164,219)
Special Education	16,531,227	292,525	7,409,333		(8,829,369)		(8,829,369)
Other Instruction	1,994,970		630,187		(1,364,783)		(1,364,783)
School Sponsored Activities and Athletics	2,050,675				(2,050,675)		(2,050,675)
Support Services							
Student and Instruction Related Svcs.	13,470,822		2,471,268		(10,999,554)		(10,999,554)
General Administrative Services	2,471,717				(2,471,717)		(2,471,717)
School Administrative Services	3,380,103		883,211		(2,496,892)		(2,496,892)
Plant Operations and Maintenance	6,361,161		71,599	\$ 14,494	(6,275,068)		(6,275,068)
Pupil Transportation	4,098,468		259,577		(3,838,891)		(3,838,891)
Business Services	1,439,620				(1,439,620)		(1,439,620)
Interest on Long-Term debt	606,495		37,264		(569,231)		(569,231)
Total Governmental Activities	90,892,363	440,231	22,937,619	14,494	(67,500,019)	-	(67,500,019)
Business-Type Activities							
Food Service	919,134	900,375				\$ (18,759)	(18,759)
Extended Day Learning Center	781,779	692,788	-			(88,991)	(88,991)
Total Business-Type Activities	1,700,913	1,593,163	-	-	-	(107,750)	(107,750)
Total Primary Government	\$92,593,276	\$ 2,033,394	\$ 22,937,619	\$ 14,494	(67,500,019)	(107,750)	(67,607,769)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					64,913,806		64,913,806
Taxes Levied for Debt Service					2,380,069		2,380,069
State Aid - Unrestricted					78,884		78,884
State Aid - Restricted for Debt Service					130,043		130,043
Investment Earnings					39,653	414	40,067
Miscellaneous Income					305,374	-	305,374
Total General Revenues					67,847,829	414	67,848,243
Change in Net Position					347,810	(107,336)	240,474
Net Position, Beginning of Year					19,027,502	102,152	19,129,654
Net Position, End of Year					\$ 19,375,312	\$ (5,184)	\$ 19,370,128

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

FUND FINANCIAL STATEMENTS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,332,585			\$ 1	\$ 5,332,586
Receivables					
Due From Other Funds	1,818,678				1,818,678
Intergovernmental	156,259	\$ 935,581	\$ 546,407		1,638,247
Other	194,839	1,217			196,056
Total Assets	\$ 7,502,361	\$ 936,798	\$ 546,407	\$ 1	\$ 8,985,567
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 300,966	\$ 26,620			\$ 327,586
Due To Other Funds		873,860	\$ 496,947		1,370,807
Payable to Other Governments		4,180			4,180
Unearned Revenue	217,783	32,138	2,297		252,218
Total Liabilities	518,749	936,798	499,244	-	1,954,791
Fund Balances					
Restricted					
Capital Reserve	2,221,626				2,221,626
Capital Reserve - Designated for Subsequent Year's Budget	908,625				908,625
Maintenance Reserve	120,000				120,000
Maintenance Reserve - Designated for Subsequent Year's Budget	149,000				149,000
Excess Surplus- Designated for Subsequent Year's Budget	834,005				834,005
Excess Surplus	1,000,000				1,000,000
Capital Projects			47,163		47,163
Debt Service				\$ 1	1
Assigned					
Encumbrances	439,076				439,076
Designated for Subsequent Year's Budget	1,100,000				1,100,000
Unassigned	211,280	-	-	-	211,280
Total Fund Balances	6,983,612	-	47,163	1	7,030,776
Total Liabilities and Fund Balances	\$ 7,502,361	\$ 936,798	\$ 546,407	\$ 1	

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 \$73,233,060 and the accumulated depreciation is \$35,927,147.	37,305,913
Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2)	3,878,631
The District has financed capital assets through the issuance of general obligation bonds. The accrued interest at year end is:	(193,616)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2).	(28,646,392)
Net Position of Governmental Activities (Exhibit A-1)	\$ 19,375,312

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 64,913,806			\$ 2,380,069	\$ 67,293,875
Tuition	147,706				147,706
Transportation	292,525				292,525
Interest	39,653				39,653
Miscellaneous	305,374	\$ 39,064			344,438
Total - Local Sources	65,699,064	39,064	-	2,380,069	68,118,197
State Sources	11,980,902	109,209	\$ 14,494	167,307	12,271,912
Federal Sources	-	1,032,314			1,032,314
Total Revenues	77,679,966	1,180,587	14,494	2,547,376	81,422,423
EXPENDITURES					
Current					
Instruction					
Regular Instruction	32,097,053	159,280			32,256,333
Special Education Instruction	13,840,590	806,454			14,647,044
Other Instruction	1,631,857	26,071			1,657,928
School Sponsored Activities and Athletics	1,943,736				1,943,736
Support Services and Undistributed Costs					
Student and Instruction Related Services	11,705,094	180,007			11,885,101
General Administrative Services	1,907,008				1,907,008
School Administrative Services	3,225,483				3,225,483
Plant Operations and Maintenance	4,686,197	8,775			4,694,972
Pupil Transportation	4,093,678				4,093,678
Business/Central Services	1,351,839				1,351,839
Debt Service					
Principal	330,074			1,980,000	2,310,074
Interest and Other Charges	10,570			567,375	577,945
Costs of Issuance				94,855	94,855
Capital Outlay	3,163,633	-	36,477		3,200,110
Total Expenditures	79,986,812	1,180,587	36,477	2,642,230	83,846,106
Excess (Deficiency) of Revenues Over Expenditures	(2,306,846)	-	(21,983)	(94,854)	(2,423,683)
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds				5,200,000	5,200,000
Original Issue Premium				475,024	475,024
Payment to Refunding Escrow Agent				(5,580,169)	(5,580,169)
Transfers In	147,345		274,421		421,766
Transfers Out	(274,421)		(147,345)		(421,766)
Bad Debt Expense	-		(107,205)		(107,205)
Total Other Financing Sources and Uses	(127,076)	-	19,871	94,855	(12,350)
Net Change in Fund Balances	(2,433,922)	-	(2,112)	1	(2,436,033)
Fund Balance, Beginning of Year	9,417,534	-	49,275	-	9,466,809
Fund Balance, End of Year	\$ 6,983,612	\$ -	\$ 47,163	\$ 1	\$ 7,030,776

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (2,436,033)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation Expense	\$ (1,765,096)	
Capital Outlay - Additions	3,200,110	
		1,435,014

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position.

Debt Issued		
Refunding Bonds	(5,200,000)	
Original Issue Premium	(475,024)	
Payment to Escrow Agent for Refunding	5,580,169	
		(94,855)
Principal Repayments		
Serial Bonds	1,980,000	
Capital Lease	330,074	
		2,310,074

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

Decrease in Accrued Interest	61,653	
Increase in Net Pension Liability	(832,215)	
Amortization of Original Issue Premium	70,395	
Amortization of Deferred Amount on Refunding	(65,743)	
Net Increase in Compensated Absences	(100,480)	
		(866,390)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 347,810

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business- Type Activities Enterprise Funds <hr/> Non - Major <hr/>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 429,473
Receivables	
Other	6,155
Inventory	<u>6,479</u>
Total Current Assets	<u>442,107</u>
Capital Assets	
Furniture, Machinery and Equipment	335,202
Less: Accumulated Depreciation	<u>(266,577)</u>
Total Capital Assets	<u>68,625</u>
Total Assets	<u>510,732</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	22,722
Due to Other Funds	442,178
Unearned Revenue	46,874
Other Current Liabilities	<u>4,142</u>
Total Current Liabilities	<u>515,916</u>
NET POSITION	
Net Investment in Capital Assets	68,625
Unrestricted	<u>(73,809)</u>
Total Net Position	<u>\$ (5,184)</u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities Enterprise Fund Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 868,033
Special Functions	32,342
Program Fees	<u>692,788</u>
 Total Operating Revenues	 <u>1,593,163</u>
OPERATING EXPENSES	
Salaries and Wages	1,032,809
Management Fee	56,802
Supplies and Materials	46,754
Repairs and Maintenance	6,056
Utilities	60,000
Miscellaneous	71,059
Cost of Sales	411,039
Equipment	3,375
Depreciation	<u>13,019</u>
 Total Operating Expenses	 <u>1,700,913</u>
 Operating Income (Loss)	 <u>(107,750)</u>
NONOPERATING REVENUES	
Interest	<u>414</u>
 Total Nonoperating Revenues	 <u>414</u>
 Change in Net Position	 (107,336)
 Net Position, Beginning of Year	 <u>102,152</u>
 Net Position, End of Year	 <u>\$ (5,184)</u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds Non-Major
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,600,242
Cash Payments for Employees Salaries and Benefits	(1,032,809)
Cash Payments to Suppliers for Goods and Services	(635,453)
Net Cash (Used for) Operating Activities	(68,020)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received From Other Funds	160,000
Net Cash Provided By Non-Capital Financing Activities	160,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	414
Net Cash Provided By Investing Activities	414
Net Change in Cash and Cash Equivalents	92,394
Cash and Cash Equivalents, Beginning of Year	337,079
Cash and Cash Equivalents, End of Year	\$ 429,473
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (107,750)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities	
Depreciation	13,019
Change in Assets and Liabilities	
(Increase) / Decrease in Accounts Receivable	955
Increase / (Decrease) in Accounts Payable	21,683
Increase/(Decrease) in Other Current Liabilities	(12,863)
Increase / (Decrease) in Unearned Revenue	18,987
(Increase) / Decrease in Inventory	(2,051)
Total Adjustments	39,730
Net Cash (Used for) Operating Activities	\$ (68,020)

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

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Private Purpose Trust Funds</u>	<u>Escrow Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 12,883	\$ 69,250	\$ 365,189	\$ 1,539,055
Due from Other Funds			66,452	
	<u>12,883</u>	<u>69,250</u>	<u>431,641</u>	<u>\$ 1,539,055</u>
LIABILITIES				
Due to Student Groups				\$ 205,833
Due to Other Funds				72,145
Intergovernmental Accounts Payable			11,787	
Accrued Salaries and Wages				72
Summer Savings				837,510
Reserve for Flex Spending				25,823
Reserve for Cobra				3,933
Payroll Deductions and Withholdings Payable				393,739
	<u>-</u>	<u>-</u>	<u>11,787</u>	<u>\$ 1,539,055</u>
NET POSITION				
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 12,883</u>	<u>\$ 69,250</u>	<u>\$ 419,854</u>	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Private Purpose Trust Funds</u>	<u>Escrow Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS			
Interest Earnings	\$ 21	\$ 314	\$ 1,812
Donations	200		
Board Contributions		10,000	-
Employee Deductions		-	66,452
	<hr/>	<hr/>	<hr/>
Total Additions	221	10,314	68,264
	<hr/>	<hr/>	<hr/>
DEDUCTIONS			
Scholarships Awarded	1,501		
Unemployment Claims and Contributions			91,741
Operating Transfer Out		2,248	
	<hr/>	<hr/>	<hr/>
Total Deductions	1,501	2,248	91,741
	<hr/>	<hr/>	<hr/>
Change in Net Position	(1,280)	8,066	(23,477)
Net Position, Beginning of Year	14,163	61,184	443,331
	<hr/>	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 12,883</u>	<u>\$ 69,250</u>	<u>\$ 419,854</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

7. 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Long-Term Obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

Maintenance Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds Payable	\$ 11,610,000
Add: Issuance Premium (to be amortized over life of debt)	683,258
Capital Leases Payable	316,567
Compensated Absences	872,027
Net Pension Liability	<u>15,164,540</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ 28,646,392</u>

Another element of that reconciliation states that “Deferred inflows and outflows related for debt refundings and net pension liability are not reported in the fund”. The details are as follows:

Deferred Outflows of Resources	
Deferred Amount on Net Pension Liability	\$ 3,912,237
Deferred Amount on Refunding (to be amortized as interest expense)	210,211
Deferred Inflows of Resources	
Deferred Amount on Net Pension Liability	<u>(243,817)</u>
	<u>\$ 3,878,631</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 7, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$2,682,996. The increase was funded by the appropriation of prior year extraordinary aid, additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to County Special Services and Regional Day Schools		\$ 100,347	\$ 100,347
Tuition - State Facilities		32,306	32,306
Speech, OT, PT and Related Services			
Purchased Professional/Educational Services	\$ 208,231	216,531	8,300

The above variances were the result of audit adjustments and were offset with other available resources.

C. Deficit Fund Equity

The Food Service Enterprise Fund has a cumulative deficit in unrestricted net position of \$77,334 as of June 30, 2016. The District expects to eliminate this deficit through normal operations in the 2016/2017 fiscal year.

D. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 4,946,211
Increased by		
Interest Earned	\$ 1,500	
Unexpended Prior Year Withdrawals	147,345	
Deposits Approved by Board Resolution	<u>616,066</u>	
		<u>764,911</u>
		5,711,122
Withdrawals		
Withdrawal by Board Resolution	(274,421)	
Approved in District Budget	<u>(2,306,450)</u>	
		<u>(2,580,871)</u>
Balance, June 30, 2016		\$ <u>3,130,251</u>

Analysis of Restricted Capital Reserve Fund Balance, June 30, 2016

Capital Reserve	\$ 2,221,626
Designated for Subsequent Year's Budget	<u>908,625</u>
	\$ <u>3,130,251</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

E. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 325,000
Increased by:	
Interest Earned	<u>1,000</u>
	326,000
Withdrawals	
Approved in District Budget	<u>(57,000)</u>
Balance, June 30, 2016	<u>\$ 269,000</u>

Analysis of Restricted Maintenance Reserve Fund Balance, June 30, 2016

Maintenance Reserve	\$ 120,000
Designated for Subsequent Year's Budget	<u>149,000</u>
	<u>\$ 269,000</u>

The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,834,005. Of this amount, \$834,005 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$1,000,000 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$7,748,436 and bank and brokerage firm balances of the Board's deposits amounted to \$9,295,604. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 9,295,604</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balances were not exposed to custodial credit risk since all deposits were considered insured by FDIC, SIPC or GUDPA.

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>MEDLC</u>	<u>Total</u>
Receivables:					
Accounts	\$ 194,839	\$ 1,217		\$ 6,155	\$ 202,211
Intergovernmental					
Federal		935,581			935,581
State	<u>156,259</u>	<u>-</u>	<u>\$ 546,407</u>	<u>-</u>	<u>702,666</u>
Gross Receivables	351,098	936,798	546,407	6,155	1,840,458
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 351,098</u>	<u>\$ 936,798</u>	<u>\$ 546,407</u>	<u>\$ 6,155</u>	<u>\$ 1,840,458</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Prepayment of Subscription Busing Fees	\$ 214,284
Prepayment of Tuition Fees	3,499
Special Revenue Fund	
Unencumbered Grant Draw Downs	30,630
Grant Draw Downs Reserved for Encumbrances	1,508
Capital Projects Fund	
Unrealized School Facilities Grants	2,297
Total Unearned Revenue for Governmental Funds	<u>\$ 252,218</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	Adjustments/ <u>Decreases</u>	Balance, <u>June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 129,801			\$ 129,801
Construction in Progress	990,803	-	\$ (990,803)	-
Total Capital Assets, Not Being Depreciated	<u>1,120,604</u>	<u>-</u>	<u>(990,803)</u>	<u>129,801</u>
Capital Assets, Being Depreciated:				
Buildings	56,417,832	\$ 2,909,073	990,803	60,317,708
Improvements Other Than Buildings	5,189,685	155,405		5,345,090
Machinery and Equipment	7,323,647	135,632	(18,818)	7,440,461
Total Capital Assets Being Depreciated	<u>68,931,164</u>	<u>3,200,110</u>	<u>971,985</u>	<u>73,103,259</u>
Less Accumulated Depreciation for:				
Buildings	(26,459,426)	(1,323,325)		(27,782,751)
Improvements Other Than Buildings	(1,965,437)	(175,394)		(2,140,831)
Machinery and Equipment	(5,756,006)	(266,377)	18,818	(6,003,565)
Total Accumulated Depreciation	<u>(34,180,869)</u>	<u>(1,765,096)</u>	<u>18,818</u>	<u>(35,927,147)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,750,295</u>	<u>1,435,014</u>	<u>990,803</u>	<u>37,176,112</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,870,899</u>	<u>\$ 1,435,014</u>	<u>\$ -</u>	<u>\$ 37,305,913</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 335,202	-	-	\$ 335,202
Total Capital Assets Being Depreciated	<u>335,202</u>	<u>-</u>	<u>-</u>	<u>335,202</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(253,558)	\$ (13,019)	-	(266,577)
Total Accumulated Depreciation	<u>(253,558)</u>	<u>(13,019)</u>	<u>-</u>	<u>(266,577)</u>
Total Capital Assets, Being Depreciated, Net	<u>81,644</u>	<u>(13,019)</u>	<u>-</u>	<u>68,625</u>
Business-Type Activities Capital Assets, Net	<u>\$ 81,644</u>	<u>\$ (13,019)</u>	<u>\$ -</u>	<u>\$ 68,625</u>

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

Governmental Activities:

Instruction

Regular	\$ 151,324
Special	3,275
Other	5,616
Total Instruction	<u>160,215</u>

Support Services

Student and Instruction Related	18,455
General Administration	5,082
School Administration	94,087
Operations and Maintenance of Plant	1,479,840
Business/Central Services	7,417
Total Support Services	<u>1,604,881</u>

Total Depreciation Expense - Governmental Activities \$ 1,765,096

Business-Type Activities:

Food Service Fund	<u>\$ 13,019</u>
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Total Depreciation Expense-Business-Type Activities \$ 13,019

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 873,860
General Fund	Capital Projects Fund	496,947
General Fund	Agency Fund	5,693
General Fund	Food Service Fund	82,178
General Fund	MEDLC Fund	360,000
Unemployment Trust Fund	Agency Fund	66,452
		<u>\$ 1,885,130</u>

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

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

F. Leases

Capital Leases

The District is leasing copiers and computers totaling \$1,158,176 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 210,613
Less: Accumulated Depreciation	<u>(84,246)</u>
	<u>\$ 126,367</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2017	\$ 301,661
2018	<u>18,630</u>
Total minimum lease payments	320,291
Less: amount representing interest	<u>(3,724)</u>
Present value of minimum lease payments	<u>\$ 316,567</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$10,755,000, 2004 Refunding Bonds, due in annual installments of \$835,000 to \$850,000 through July 15, 2018, interest at 3.60%-5.00%	\$2,530,000
\$7,230,000, 2008 Refunding Bonds, due in annual installments of \$620,000 to \$670,000 through August 1, 2021, interest at 4.25%-5.00%	3,880,000
\$5,200,000, 2016 Refunding Bonds, due in annual installments of \$565,000 to \$850,000 through February 1, 2023, interest at 2.00%-4.00%	<u>5,200,000</u>
Total	<u>\$11,610,000</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 2,040,000	\$ 431,940	\$ 2,471,940
2018	2,110,000	364,956	2,474,956
2019	2,180,000	274,975	2,454,975
2020	1,445,000	200,100	1,645,100
2021	1,475,000	144,606	1,619,606
2022-2023	<u>2,360,000</u>	<u>115,856</u>	<u>2,475,856</u>
	<u>\$ 11,610,000</u>	<u>\$ 1,532,433</u>	<u>\$ 13,142,433</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 192,652,986
Less: Net Debt (Including Unfunded Authorizations)	<u>(11,610,000)</u>
Remaining Borrowing Power	<u>\$ 181,042,986</u>

Current Refunding of Debt

On February 16, 2016 the District issued \$5,200,000 in School District Refunding Bonds having an interest rate of 2% to 4%. These Bonds were issued in order to currently refund certain principal maturities of various school district bonds. The total principal amount of bonds currently refunded was \$5,550,000. The reacquisition price exceeded the net carrying amount of the old debt by \$5,971. This amount has been reported as Deferred Outflows of Resources on the financial statements and will be amortized over the new debt's life, which is shorter than the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 7 years by \$499,954 and resulted in an economic gain of \$473,696.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2016</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 13,940,000	\$ 5,200,000	\$ 7,530,000	\$ 11,610,000	\$ 2,040,000
Add: Premium	<u>302,827</u>	<u>475,024</u>	<u>94,593</u>	<u>683,258</u>	<u>-</u>
 Total Bonds Payable	 14,242,827	 5,675,024	 7,624,593	 12,293,258	 2,040,000
 Capital Leases	 646,641		 330,074	 316,567	 297,971
Net Pension Liability	11,353,116	5,224,423	1,412,999	15,164,540	
Compensated Absences	<u>771,547</u>	<u>191,480</u>	<u>91,000</u>	<u>872,027</u>	<u>50,000</u>
 Governmental Activity Long-Term Liabilities	 <u>\$ 27,014,131</u>	 <u>\$ 11,090,927</u>	 <u>\$ 9,458,666</u>	 <u>\$ 28,646,392</u>	 <u>\$ 2,387,971</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016		\$ 66,452	\$ 91,741	\$ 419,854
2015		64,905	36,194	443,331
2014		63,380	51,834	413,321

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 580,784	\$ 2,591,710	\$ 23,758
2015	500,916	1,738,450	29,254
2014	409,814	1,322,270	29,409

For fiscal years 2015/2016 and 2014/2015, the state contributed \$2,591,710 and \$1,738,450, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,322,270 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,471,445 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$15,164,540 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share 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 governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was 0.06755 percent, which was an increase of 0.00692 percent from its proportionate share measured as of June 30, 2014 of 0.06063.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,412,999 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 361,773	
Changes of Assumptions	1,628,550	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 243,817
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>1,921,914</u>	<u>-</u>
Total	<u>\$ 3,912,237</u>	<u>\$ 243,817</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 740,516
2018	740,516
2019	740,516
2020	909,662
2021	<u>537,210</u>
	<u>\$ 3,668,420</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
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 Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was 4.90%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 18,847,668</u>	<u>\$ 15,164,540</u>	<u>\$ 12,076,632</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/trasury/pensions.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,409,460 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$203,237,190. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was 0.32155 percent, which was an increase of 0.00899 percent from its proportionate share measured as of June 30, 2014 of 0.31256 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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 Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was 4.13%.

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 241,539,804</u>	<u>\$ 203,237,190</u>	<u>\$ 170,237,196</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$3,086,010, \$2,759,790 and \$2,168,025, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 64,913,806		\$ 64,913,806	\$ 64,913,806	
Tuition From Individuals	103,984		103,984	147,706	\$ 43,722
Transportation Fees from Individuals	350,000		350,000	292,525	(57,475)
Interest Earned on Capital Reserve	1,500		1,500	1,500	
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	
Miscellaneous, including Interest	410,660	-	410,660	342,527	(68,133)
Total Local Sources	<u>65,780,950</u>	<u>-</u>	<u>65,780,950</u>	<u>65,699,064</u>	<u>(81,886)</u>
State Sources					
Special Education Aid	1,469,587		1,469,587	1,469,587	
Security Aid	62,566		62,566	62,566	
Transportation Aid	223,430		223,430	223,430	
PARCC Readiness Aid	39,280		39,280	39,280	
Per Pupil Growth Aid	39,280		39,280	39,280	
Extraordinary Aid	1,100,000		1,100,000	2,172,950	1,072,950
Non Public Transportation Reimbursement				35,226	35,226
On Behalf TPAF Contributions (Non-Budgeted)					
Pension Contribution				2,468,733	2,468,733
Non Contributory Insurance				122,977	122,977
Post Retirement Medical Contribution				3,086,010	3,086,010
Social Security Contribution	-	-	-	2,471,445	2,471,445
Total State Sources	<u>2,934,143</u>	<u>-</u>	<u>2,934,143</u>	<u>12,191,484</u>	<u>9,257,341</u>
Federal Sources					
Medicaid Reimbursement	21,227	-	21,227	-	(21,227)
Total Federal Sources	<u>21,227</u>	<u>-</u>	<u>21,227</u>	<u>-</u>	<u>(21,227)</u>
Total Revenues	<u>68,736,320</u>	<u>-</u>	<u>68,736,320</u>	<u>77,890,548</u>	<u>9,154,228</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,079,379		1,079,379	1,074,704	4,675
Grades 1-5	7,134,318	\$ (38,470)	7,095,848	7,050,342	45,506
Grades 6-8	4,953,417	61,465	5,014,882	5,004,482	10,400
Grades 9-12	7,413,843	(291,321)	7,122,522	7,090,240	32,282
Regular Programs - Home Instruction					
Salaries of Teachers	20,000	2,930	22,930	21,630	1,300
Purchased Professional/Educational Services	19,000	(5,308)	13,692	12,735	957
General Supplies	100		100	100	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	268,078	(28,434)	239,644	195,455	44,189
Purchased Professional/Educational Services		3,600	3,600	3,600	
Purchased Technical Services	340,400	(20,632)	319,768	286,375	33,393
Other Purchased Services	975,669	153,264	1,128,933	1,127,903	1,030
General Supplies	851,161	(76,183)	774,978	641,190	133,788
Textbooks	134,200	(15,714)	118,486	63,237	55,249
Misc. Expenditures	5,300	-	5,300	3,190	2,110
Total Regular Programs	<u>23,194,865</u>	<u>(254,803)</u>	<u>22,940,062</u>	<u>22,575,083</u>	<u>364,979</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Special Education					
Cognitive Mild					
Salaries of Teachers	\$ 154,627		\$ 154,627	\$ 110,171	\$ 44,456
Other Salaries for Instruction	46,525	\$ 46,352	92,877	92,877	
General Supplies	2,000	(1,911)	89	89	-
Total Cognitive Mild	<u>203,152</u>	<u>44,441</u>	<u>247,593</u>	<u>203,137</u>	<u>44,456</u>
Learning and/or Language Disabilities					
Salaries of Teachers	357,209	536	357,745	357,745	
Other Salaries for Instruction	373,432	26,596	400,028	400,028	
General Supplies	26,250	(7,796)	18,454	17,991	463
Total Learning and/or Language Disabilities	<u>756,891</u>	<u>19,336</u>	<u>776,227</u>	<u>775,764</u>	<u>463</u>
Behavioral Disabilities					
Salaries of Teachers	299,227	4,166	303,393	303,393	
Other Salaries of Instruction	115,023	33,373	148,396	148,396	
General Supplies	1,300	(1,000)	300	300	-
Total Behavioral Disabilities	<u>415,550</u>	<u>36,539</u>	<u>452,089</u>	<u>452,089</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	4,432,411	260,350	4,692,761	4,692,761	
Other Salaries for Instruction	671,635		671,635	669,947	1,688
General Supplies	15,550	(1,417)	14,133	12,575	1,558
Textbooks	7,000	(1,944)	5,056	1,900	3,156
Total Resource Room	<u>5,126,596</u>	<u>256,989</u>	<u>5,383,585</u>	<u>5,377,183</u>	<u>6,402</u>
Autism					
Salaries of Teachers	148,225	22,728	170,953	170,953	
Other Salaries for Instruction	229,455	(13,824)	215,631	215,631	
Purchased Professional-Educational Services	24,000	(9,916)	14,084	-	14,084
Total Autism	<u>401,680</u>	<u>(1,012)</u>	<u>400,668</u>	<u>386,584</u>	<u>14,084</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	147,461	4,408	151,869	151,869	
Other Salaries for Instruction	160,091		160,091	151,966	8,125
General Supplies	500	-	500	449	51
Total Preschool Disabilities - Part-Time	<u>308,052</u>	<u>4,408</u>	<u>312,460</u>	<u>304,284</u>	<u>8,176</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Special Education (Continued)					
Home Instruction					
Other Salaries for Instruction	\$ 35,000	\$ 8,390	\$ 43,390	\$ 42,350	\$ 1,040
Purchased Professional/Educational Services	100,000	1,260	101,260	93,410	7,850
General Supplies	100	-	100	-	100
Total Home Instruction	<u>135,100</u>	<u>9,650</u>	<u>144,750</u>	<u>135,760</u>	<u>8,990</u>
Total Special Education	<u>7,347,021</u>	<u>370,351</u>	<u>7,717,372</u>	<u>7,634,801</u>	<u>82,571</u>
Basic Skills/Remedial					
Salaries of Teachers	920,772		920,772	809,045	111,727
General Supplies	1,400	441	1,841	1,320	521
Total Basic Skills/Remedial	<u>922,172</u>	<u>441</u>	<u>922,613</u>	<u>810,365</u>	<u>112,248</u>
Bilingual Education					
Salaries of Teachers	267,682	33,319	301,001	301,001	
General Supplies	8,100		8,100	4,877	3,223
Textbooks	3,000	-	3,000	-	3,000
Total Bilingual Education	<u>278,782</u>	<u>33,319</u>	<u>312,101</u>	<u>305,878</u>	<u>6,223</u>
School Sponsored Co-Curricular Activities					
Salaries	399,479	35,640	435,119	423,848	11,271
Purchased Services	4,000	(1,042)	2,958	2,958	
Supplies and Materials	11,000	(149)	10,851	7,600	3,251
Other Objects	54,000	(574)	53,426	51,801	1,625
Total School Sponsored Co-Curricular Activities	<u>468,479</u>	<u>33,875</u>	<u>502,354</u>	<u>486,207</u>	<u>16,147</u>
School Sponsored Athletics - Instruction					
Salaries	705,932	17,279	723,211	723,211	
Purchased Services	236,485	13,632	250,117	237,884	12,233
Supplies and Materials	73,500	1,568	75,068	72,472	2,596
Other Objects	24,000	-	24,000	23,994	6
Total School Sponsored Athletics - Instruction	<u>1,039,917</u>	<u>32,479</u>	<u>1,072,396</u>	<u>1,057,561</u>	<u>14,835</u>
Total - Instruction	<u>33,251,236</u>	<u>215,662</u>	<u>33,466,898</u>	<u>32,869,895</u>	<u>597,003</u>
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Special	569,967	128,895	698,862	526,493	172,369
Tuition to County Vocational School District-Reg.	336,243	17,389	353,632	346,584	7,048
Tuition to County Vocational School District-Spec.	57,283	(44,000)	13,283	13,000	283
Tuition to County Special Svcs. & Regional Day Schools				100,347	(100,347)
Tuition to Private Schools - Disabled w/i State	1,916,793	662,484	2,579,277	2,197,842	381,435
Tuition to Private Schools - Disabled O/of State	107,692	35,712	143,404	141,301	2,103
Tuition - State Facilities	32,306	(32,306)	-	32,306	(32,306)
Total Undistributed Expenditures - Instruction	<u>3,020,284</u>	<u>768,174</u>	<u>3,788,458</u>	<u>3,357,873</u>	<u>430,585</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries of Secretarial and Clerical Assistants	\$ 86,336	-	\$ 86,336	\$ 67,649	\$ 18,687
Health Services					
Salaries	790,352	\$ (5,812)	784,540	762,087	22,453
Purchased Professional Technical Services	31,601	(101)	31,500	28,652	2,848
Supplies and Materials	12,000	16	12,016	9,901	2,115
Total Health Services	833,953	(5,897)	828,056	800,640	27,416
Speech, OT, PT and Related Services					
Salaries	1,348,861	(97,409)	1,251,452	1,236,452	15,000
Purchased Professional/Educational Services	239,574	(31,343)	208,231	216,531	(8,300)
Supplies and Materials	8,350	(2,336)	6,014	5,397	617
Total Speech, OT, PT and Related Services	1,596,785	(131,088)	1,465,697	1,458,380	7,317
Other Support Services - Students - Extra.Serv.					
Salaries	878,689	(70,749)	807,940	757,940	50,000
Other Purchased Professional Services	59,325	62,490	121,815	96,319	25,496
Total Other Support Services - Students - Extra Services	938,014	(8,259)	929,755	854,259	75,496
Guidance					
Salaries of Other Professional Staff	1,641,096	9,306	1,650,402	1,593,185	57,217
Salaries of Secretarial and Clerical Assistants	129,453	1,897	131,350	131,350	
Purchased Professional - Educational Services	1,500		1,500	1,450	50
Other Purchased Prof. and Technical Services	32,400	2,103	34,503	33,076	1,427
Other Purchased Services	1,600	571	2,171	1,278	893
Supplies and Materials	20,515	(4,538)	15,977	11,442	4,535
Other Objects	17,750	(1,425)	16,325	3,013	13,312
Total Guidance	1,844,314	7,914	1,852,228	1,774,794	77,434
Child Study Teams					
Salaries of Other Professional Staff	1,805,971	(118,086)	1,687,885	1,581,205	106,680
Salaries of Secretarial and Clerical Assistants	166,122	1,853	167,975	167,975	
Other Purchased Prof. and Technical Services	182,837	(5,869)	176,968	176,488	480
Misc. Purchased Services	5,800	316	6,116	4,969	1,147
Supplies and Materials	14,000	8,881	22,881	21,842	1,039
Other Objects	23,000	-	23,000	22,568	432
Total Child Study Teams	2,197,730	(112,905)	2,084,825	1,975,047	109,778

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 853,213	\$ 3,972	\$ 857,185	\$ 857,185	
Salaries of Secretarial and Clerical Assistants	36,990	525	37,515	37,515	
Other Salaries	76,500	1,000	77,500	47,000	\$ 30,500
Other Purchased Services	4,700	1,770	6,470	4,043	2,427
Supplies and Materials	1,200		1,200		1,200
Other Objects	5,440	570	6,010	6,010	-
Total Improvement of Instruction Services	<u>978,043</u>	<u>7,837</u>	<u>985,880</u>	<u>951,753</u>	<u>34,127</u>
Educational Media Services/School Library					
Salaries	536,088	3,472	539,560	528,811	10,749
Purchased Professional and Technical Services	54,097	(7,711)	46,386	44,598	1,788
Other Purchased Services	15,000	500	15,500	15,500	
Supplies and Materials	96,709	(64,991)	31,718	17,621	14,097
Total Educational Media Services/School Library	<u>701,894</u>	<u>(68,730)</u>	<u>633,164</u>	<u>606,530</u>	<u>26,634</u>
Instructional Staff Training Services					
Other Salaries	500		500		500
Purchased Professional –Education Services	44,000	(6,133)	37,867	26,832	11,035
Other Purchased Services	2,000		2,000	285	1,715
Supplies and Materials	1,000		1,000	275	725
Other Objects	22,000	(360)	21,640	18,027	3,613
Total Instructional Staff Training Services	<u>69,500</u>	<u>(6,493)</u>	<u>63,007</u>	<u>45,419</u>	<u>17,588</u>
Support Services General Administration					
Salaries	689,360	31,259	720,619	703,686	16,933
Legal Services	279,500	427,883	707,383	707,383	
Audit Fees	37,500	(6,593)	30,907	30,907	
Other Purchased Professional Services	15,400	13,485	28,885	28,135	750
Miscellaneous Purchased Services	128,446	(1,189)	127,257	117,027	10,230
General Supplies	7,300	(690)	6,610	5,764	846
Misc. Expenditures	12,500	(284)	12,216	11,033	1,183
BOE Membership Dues and Fees	29,730	(2,716)	27,014	26,662	352
Total Support Services General Administration	<u>1,199,736</u>	<u>461,155</u>	<u>1,660,891</u>	<u>1,630,597</u>	<u>30,294</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,611,460	11,414	1,622,874	1,622,874	
Salaries of Secretarial and Clerical Assistants	541,615	17,202	558,817	553,697	5,120
Purchased Professional and Technical Services	1,500		1,500	1,250	250
Other Purchased Services	14,700	(3,608)	11,092	4,623	6,469
Supplies and Materials	105,200	17,258	122,458	94,795	27,663
Other Objects	14,700	2,190	16,890	11,257	5,633
Total Support Services School Administration	<u>2,289,175</u>	<u>44,456</u>	<u>2,333,631</u>	<u>2,288,496</u>	<u>45,135</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance - Final To Actual
CURRENT					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 520,937	\$ (12,146)	\$ 508,791	\$ 501,675	\$ 7,116
Purchased Professional Services	1,450	5,252	6,702	6,702	
Purchased Technical Services	45,665	(2,061)	43,604	43,604	
Misc. Purchased Services	15,200	1,795	16,995	16,871	124
Supplies and Materials	15,000	1,239	16,239	14,132	2,107
Miscellaneous Expenditures	3,040	(138)	2,902	2,188	714
Total Central Services	601,292	(6,059)	595,233	585,172	10,061
Admin. Info. Tech.					
Salaries	429,542	330	429,872	412,807	17,065
Purchased Technical Services	36,900	(978)	35,922	28,811	7,111
Other Purchased Services	1,925	(83)	1,842	773	1,069
Supplies and Materials	5,250	1,350	6,600	5,405	1,195
Total Admin. Info. Tech.	473,617	619	474,236	447,796	26,440
Required Maintenance for School Facilities					
Salaries	575,475	14,330	589,805	545,947	43,858
Cleaning, Repair and Maintenance Services	267,500	38,775	306,275	217,350	88,925
General Supplies	150,000	(3,902)	146,098	133,568	12,530
Total Required Maint. For School Facilities	992,975	49,203	1,042,178	896,865	145,313
Security					
Salaries	21,500	(21,500)	-	-	-
Total Security	21,500	(21,500)	-	-	-
Custodial Services					
Salaries	397,435	(4,228)	393,207	320,478	72,729
Purchased Professional and Technical Services	1,866,978	24,624	1,891,602	1,799,066	92,536
Cleaning, Repair and Maintenance Services	158,050	(8,634)	149,416	96,655	52,761
Rental of Land and Bldg. Oth. Than Lease Purchase	10,001		10,001	10,000	1
Other Purchased Property Services	62,200	12,900	75,100	72,304	2,796
Insurance	268,198	(21,100)	247,098	247,098	
Miscellaneous Purchased Services	22,475	315	22,790	22,215	575
General Supplies	179,500	(5,000)	174,500	156,540	17,960
Energy (Gas)	320,000	(114,084)	205,916	185,916	20,000
Energy (Electricity)	530,000	83,854	613,854	571,834	42,020
Other Objects	1,800	-	1,800	520	1,280
Total Custodial Services	3,816,637	(31,353)	3,785,284	3,482,626	302,658

(Continued)

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
CURRENT					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg.	\$ 54,244	\$ 266	\$ 54,510	\$ 54,510	
Management Fee - ESC Transp. Prog.	3,200	442	3,642	3,642	
Contracted Services – Aid In Lieu of Payment for Non-public School Students	203,332	(11,342)	191,990	161,906	\$ 30,084
Contracted Services (Between Home and School) - Vendors	2,189,178	85,996	2,275,174	2,275,174	
Contracted Services (Other Than Between Home and School) - Vendors	256,250	60,458	316,708	308,581	8,127
Contracted Services (Special Education Students)- Vendors	1,165,325	114,641	1,279,966	1,255,775	24,191
Contracted Services (Special Education Students)- Joint Agreements	1,500	7,783	9,283	9,283	
Misc. Purchased Svc. - Transportation	3,200	2,500	5,700	5,599	101
Other Objects	5,200	(5,000)	200	200	-
Total Student Transportation Services	<u>3,881,429</u>	<u>255,744</u>	<u>4,137,173</u>	<u>4,074,670</u>	<u>62,503</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	664,651	34,804	699,455	694,129	5,326
Other Retirement Contributions - PERS	578,038	7,843	585,881	580,784	5,097
Other Retirement Contributions - DCRP	32,000	(2,270)	29,730	23,758	5,972
Unemployment Compensation		8,418	8,418	8,418	
Workmen's Compensation	310,000	(37,300)	272,700	272,617	83
Health Benefits	8,615,093	146,369	8,761,462	8,534,959	226,503
Tuition Reimbursement	256,620	46,305	302,925	175,974	126,951
Other Employee Benefits	79,910	150,864	230,774	171,576	59,198
Total Unallocated Benefits	<u>10,536,312</u>	<u>355,033</u>	<u>10,891,345</u>	<u>10,462,215</u>	<u>429,130</u>
On Behalf TPAF Payments (Non-Budgeted)					
Pension Contribution				2,468,733	(2,468,733)
Non Contributory Insurance				122,977	(122,977)
Post Retirement Medical Contribution				3,086,010	(3,086,010)
Social Security Contribution	-	-	-	2,471,445	(2,471,445)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,149,165</u>	<u>(8,149,165)</u>
Total Undistributed Expenditures	<u>36,079,526</u>	<u>1,557,851</u>	<u>37,637,377</u>	<u>43,909,946</u>	<u>(6,272,569)</u>
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000
Total - Current Expenditures	<u>69,331,762</u>	<u>1,773,513</u>	<u>71,105,275</u>	<u>76,779,841</u>	<u>(5,674,566)</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Grades 6-8 (Instructional)	\$ 18,388		\$ 18,388	\$ 2,599	\$ 15,789
Grades 9-12 (Instructional)	23,935	\$ 25,421	49,356	46,961	2,395
School Sponsors Athletics	18,268		18,268	13,645	4,623
Undistributed Expenditures					
School Admin		2,600	2,600		2,600
Central Services	1,684		1,684	218	1,466
Required Maintenance for School Facilities (Non Instr.)	89,841	14,149	103,990	72,209	31,781
	<u>152,116</u>	<u>42,170</u>	<u>194,286</u>	<u>135,632</u>	<u>58,654</u>
Facilities Acquisition and Construction Services					
Salaries	10,000	525	10,525	7,560	2,965
Architectural/Engineering Services		86,715	86,715	86,711	4
Other Purchased Professional and Technical Services	31,000	226,622	257,622	131,757	125,865
Construction Services	2,989,350	224,417	3,213,767	2,775,146	438,621
General Supplies	30,000	1,226	31,226	26,827	4,399
Other Objects	31,043	-	31,043	31,043	-
	<u>3,091,393</u>	<u>539,505</u>	<u>3,630,898</u>	<u>3,059,044</u>	<u>571,854</u>
Interest Deposit to Capital Reserve	1,500	-	1,500	-	1,500
	<u>3,245,009</u>	<u>581,675</u>	<u>3,826,684</u>	<u>3,194,676</u>	<u>632,008</u>
Transfer to Charter Schools	24,591	-	24,591	12,295	12,296
	<u>72,601,362</u>	<u>2,355,188</u>	<u>74,956,550</u>	<u>79,986,812</u>	<u>(5,030,262)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(3,865,042)	(2,355,188)	(6,220,230)	(2,096,264)	4,123,966
Other Financing Sources					
Capital Reserve Transfer to Capital Projects	-			(274,421)	(274,421)
Operating Transfers In	-	-	-	147,345	147,345
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,076)</u>	<u>(127,076)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources					
	(3,865,042)	(2,355,188)	(6,220,230)	(2,223,340)	3,996,890
Fund Balances, Beginning of Year	11,546,095	-	11,546,095	11,546,095	-
Fund Balances, End of Year	<u>\$ 7,681,053</u>	<u>\$ (2,355,188)</u>	<u>\$ 5,325,865</u>	<u>\$ 9,322,755</u>	<u>\$ 3,996,890</u>
Recapitulation of Fund Balance:					
Capital Reserve				\$ 2,221,626	
Capital Reserve - Designated for Subsequent Year's Budget				908,625	
Maintenance Reserve				120,000	
Maintenance Reserve - Designated for Subsequent Year's Budget				149,000	
Excess Surplus				1,000,000	
Excess Surplus- Designated for Subsequent Year's Budget				834,005	
Encumbrances				439,076	
Designated for Subsequent Year's Budget				1,100,000	
Unassigned				<u>2,550,423</u>	
Reconciliation to Governmental Funds Statements (GAAP):				9,322,755	
Less: State Aid Not Recognized on GAAP Basis				<u>(2,339,143)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,983,612</u>	

(Continued)

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources		\$ 60,954	\$ 60,954	\$ 30,323	\$ (30,631)
State Sources	\$ 121,500	6,810	128,310	109,209	(19,101)
Federal Sources	832,145	260,044	1,092,189	1,032,314	(59,875)
 Total Revenues	 953,645	 327,808	 1,281,453	 1,171,846	 (109,607)
EXPENDITURES					
Instruction					
Salaries of Teachers	48,025	40,343	88,368	83,663	4,705
Other Purchased Services	-	39,692	39,692	33,758	5,934
Tuition	670,690	148,081	818,771	795,599	23,172
General Supplies	58,749	(101)	58,648	40,359	18,289
Textbooks	21,154	-	21,154	18,535	2,619
Other Objects	780	4,756	5,536	4,600	936
 Total Instruction	 799,398	 232,771	 1,032,169	 976,514	 55,655
Support Services					
Salaries		2,000	2,000	2,000	
Personal Services - Employee Benefits	11,410	4,018	15,428	15,325	103
Purchased Prof./Educational Services	70,520	43,512	114,032	106,464	7,568
Other Purchased Services	64,517	46,380	110,897	71,326	39,571
Supplies and Materials	7,500	(1,573)	5,927		5,927
Other Objects	300	700	1,000	217	783
 Total Support Services	 154,247	 95,037	 249,284	 195,332	 53,952
 Total Expenditures	 953,645	 327,808	 1,281,453	 1,171,846	 109,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 77,890,548	\$ 1,171,846
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016		(1,508)
Encumbrances, June 30, 2015		10,249
2015/2016 State Aid recognized for budgetary purposes, not recognized for GAAP statements	(2,339,143)	
2014/2015 State Aid recognized for GAAP purposes, not recognized for budgetary statements	<u>2,128,561</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 77,679,966</u>	<u>\$ 1,180,587</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 79,986,812	\$ 1,171,846
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes		
Encumbrances, June 30, 2016	-	(1,508)
Encumbrances, June 30, 2015	<u>-</u>	<u>10,249</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 79,986,812</u>	<u>\$ 1,180,587</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.06755%	0.06063%	0.05438%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,164,540	\$ 11,353,116	\$ 10,394,920
District's Covered-Employee Payroll	\$ 4,707,825	\$ 4,399,532	\$ 3,973,738
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	322%	258%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

**Last Three Fiscal Years
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 580,784	\$ 500,916	\$ 409,814
Contributions in Relation to the Contractually Required Contribution	<u>580,784</u>	<u>500,916</u>	<u>409,814</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 4,707,825	\$ 4,399,532	\$3,973,738
Contributions as a Percentage of Covered-Employee Payroll	12.33 %	11.39 %	10.31 %

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 203,237,190</u>	<u>\$ 167,054,854</u>	<u>\$ 157,248,212</u>
Total	<u>\$ 203,237,190</u>	<u>\$ 167,054,854</u>	<u>\$ 157,248,212</u>
District's Covered-Employee Payroll	\$ 33,462,833	\$ 32,580,046	\$ 31,155,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.74%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 5.

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NCLB				IDEA, Part B		Total Page 2	Total
	Title I	Title II-A	Title III	Title III Immigrant	Basic	Preschool		
REVENUES								
Intergovernmental								
State							\$ 109,209	\$ 109,209
Federal	\$ 121,697	\$ 48,974	\$ 18,615	\$ 6,120	\$ 807,994	\$ 28,914		1,032,314
Other	-	-	-	-	-	-	30,323	30,323
Total Revenues	121,697	48,974	18,615	6,120	807,994	28,914	139,532	1,171,846
EXPENDITURES								
Instruction								
Salaries of Teachers	79,663				4,000		-	83,663
Other Purchased Services			14,000				19,758	33,758
Tuition					768,617	26,982		795,599
General Supplies	9,120		924	2,170	4,923	1,932	21,290	40,359
Textbooks							18,535	18,535
Other Objects	-	-	-	350	-	-	4,250	4,600
Total Instruction	88,783	-	14,924	2,520	777,540	28,914	63,833	976,514
Support Services								
Salaries				2,000				2,000
Personal Services Employee-Benefits	15,325							15,325
Purchased Prof./Ed. Serv.	17,589	8,157	2,000	1,600	30,454		46,664	106,464
Other Purchased Services	-	40,817	1,474				29,035	71,326
Other Objects			217					217
Travel	-	-	-	-	-	-	-	-
Total Support Services	32,914	48,974	3,691	3,600	30,454	-	75,699	195,332
Total Expenditures	121,697	48,974	18,615	6,120	807,994	28,914	139,532	1,171,846
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NJ Nonpublic Aid				Nonpublic Auxiliary Services	Nonpublic Handicapped Services			Other Local Programs	Total Page 2
	Nursing	Textbooks	Technology	Security	Comp. Ed.	Exam and Class	Corrective Speech	Supplemental Instruction		
REVENUES										
Intergovernmental										
State	\$ 31,140	\$ 18,535	\$ 8,944	\$ 8,775	\$ 3,384	\$ 12,780	\$ 17,557	\$ 8,094		\$ 109,209
Other	-	-	-	-	-	-	-	-	\$ 30,323	30,323
Total Revenues	<u>31,140</u>	<u>18,535</u>	<u>8,944</u>	<u>8,775</u>	<u>3,384</u>	<u>12,780</u>	<u>17,557</u>	<u>8,094</u>	<u>30,323</u>	<u>139,532</u>
EXPENDITURES										
Instruction										
Salaries of Teachers										-
Other Purchased Services									19,758	19,758
General Supplies			8,944	8,775					3,571	21,290
Textbooks		18,535								18,535
Other Objects	-	-	-	-	-	-	-	-	4,250	4,250
Total Instruction	<u>-</u>	<u>18,535</u>	<u>8,944</u>	<u>8,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,579</u>	<u>63,833</u>
Support Services										
Purchased Prof. and Ed. Serv.	31,140					12,780			2,744	46,664
Other Purchased Services	-	-	-	-	3,384	-	17,557	8,094	-	29,035
Total Support Services	<u>31,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,384</u>	<u>12,780</u>	<u>17,557</u>	<u>8,094</u>	<u>2,744</u>	<u>75,699</u>
Total Expenditures	<u>31,140</u>	<u>18,535</u>	<u>8,944</u>	<u>8,775</u>	<u>3,384</u>	<u>12,780</u>	<u>17,557</u>	<u>8,094</u>	<u>30,323</u>	<u>139,532</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Improvements to Montville High School	\$ 22,580,000	\$ 22,504,304	\$ 36,477		\$ 39,219
Middle School Classroom Conversion	1,070,565	659,423		\$ 411,142	
Cedar Hill School Boiler Replacement	429,986	268,015		161,971	
Security System Upgrade					
Montville High School	189,146	186,931			2,215
Cedar Hill Elementary School	124,260	122,805			1,455
Robert R. Lazar Middle School	127,170	125,680			1,490
Hilldale Elementary School	113,087	111,761			1,326
Valley View Elementary School	119,958	118,553			1,405
William H. Mason, Jr. Elementary School	107,013	105,760			1,253
Woodmont Elementary School	114,342	112,932			1,410
Robert R. Lazar Middle School Roof Replacement	787,213	632,459		154,754	
Hilldale Elementary School Roof Replacement	742,381	570,228		172,153	
Lazar Middle School Interior Improvements	41,500	41,186		314	
Hilldale Elementary School Interior Improvements	68,500	65,459		3,041	
Montville High School Interior Improvements	<u>69,800</u>	<u>69,666</u>	<u>-</u>	<u>134</u>	<u>-</u>
	<u>\$ 26,684,921</u>	<u>\$ 25,695,162</u>	<u>\$ 36,477</u>	<u>\$ 903,509</u>	<u>\$ 49,773</u>
Project Balances, June 30, 2016					\$ 49,773
Less:					
Debt Authorized but Not Issued					<u>(313)</u>
Fund Balance, June 30, 2016 (Budgetary Basis)					<u>\$ 49,460</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources

Transfer from Capital Reserve	\$ <u>274,421</u>
 Total Revenues and Other Financing Sources	 <u>274,421</u>

Expenditures and Other Financing Uses

Construction Services	36,477
Transfer to General Fund	147,345
Cancellation of Prior Year SDA Accounts Receivable	<u>512,757</u>
 Total Expenditures and Other Financing Uses	 <u>696,579</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(422,158)
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Fund Balance July 1, 2015	<u>471,618</u>
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Fund Balance June 30, 2016	\$ <u><u>49,460</u></u>
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Reconciliation to Governmental Funds Statements (GAAP):

Fund Balance, Budgetary Basis	\$ 49,460
 Less: Unearned Revenue - SDA Grants	 <u>(2,297)</u>
 Fund Balance Per Governmental Funds (GAAP)	 <u><u>\$ 47,163</u></u>

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
IMPROVEMENTS TO MONTVILLE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 4,187,687		\$ 4,187,687	\$ 4,187,687
Other Local Sources	313		313	313
Bond Proceeds	<u>18,392,000</u>	<u>-</u>	<u>18,392,000</u>	<u>18,392,000</u>
 Total Revenues and Other Financing Sources	 <u>22,580,000</u>	 <u>-</u>	 <u>22,580,000</u>	 <u>22,580,000</u>
 Expenditures and Other Financing Uses				
Salaries	118,333		118,333	118,333
Legal Services	450,517		450,517	450,517
Purchased Professional and Technical Services	2,272,511		2,272,511	2,272,511
Judgements	545,000		545,000	545,000
General Supplies	1,337,130		1,337,130	1,337,130
Other Objects	243,440		243,440	243,440
Construction Services	17,537,373	\$ 36,477	17,573,850	17,590,304
Unallocated	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,765</u>
 Total Expenditures and Other Financing Uses	 <u>22,504,304</u>	 <u>36,477</u>	 <u>22,540,781</u>	 <u>22,580,000</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 75,696</u>	 <u>\$ (36,477)</u>	 <u>\$ 39,219</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3340-010-01-0478
Grant Date	2002
Bond Authorization Date	2002
Bonds Authorized	\$ 18,392,313
Bonds Issued	\$ 18,392,000
Original Authorized Cost	\$ 22,580,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 22,580,000

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	99.83%
Original Target Completion Date	June 30, 2007
Revised Target Completion Date	June 30, 2007

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL CLASSROOM CONVERSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 428,226		\$ 428,226	\$ 428,226
Transfer from Capital Outlay/Capital Reserve	<u>352,750</u>	<u>\$ 45,417</u>	<u>398,167</u>	<u>642,339</u>
 Total Revenues and Other Financing Sources	 <u>780,976</u>	 <u>45,417</u>	 <u>826,393</u>	 <u>1,070,565</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	80,769		80,769	80,769
Construction Services	578,654		578,654	578,654
Cancellation of SDA Grant Receivable		166,970	166,970	166,970
Unallocated	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,172</u>
 Total Expenditures and Other Financing Uses	 <u>659,423</u>	 <u>166,970</u>	 <u>826,393</u>	 <u>1,070,565</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 121,553</u>	 <u>\$ (121,553)</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	3340-030-05-1000			
Grant Date	2005			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 1,070,565			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 1,070,565			
 Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	77.19%			
Original Target Completion Date	June 30, 2013			
Revised Target Completion Date	June 30, 2013			

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CEDAR HILL SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 171,994		\$ 171,994	\$ 171,994
Transfer from Capital Outlay/Capital Reserve	<u>161,400</u>	<u>\$ 106,615</u>	<u>268,015</u>	<u>268,015</u>
 Total Revenues and Other Financing Sources	 <u>333,394</u>	 <u>106,615</u>	 <u>440,009</u>	 <u>440,009</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	41,015		41,015	41,015
Construction Services	227,000		227,000	227,000
Cancellation of SDA Grant Receivable	<u>-</u>	<u>171,994</u>	<u>171,994</u>	<u>171,994</u>
 Total Expenditures and Other Financing Uses	 <u>268,015</u>	 <u>171,994</u>	 <u>440,009</u>	 <u>440,009</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 65,379</u>	 <u>\$ (65,379)</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	3340-025-05-1000			
Grant Date	2005			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 429,986			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 429,986			
 Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2013			
Revised Target Completion Date	June 30, 2013			

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - MONTVILLE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 75,658		\$ 75,658	\$ 75,658
Transfer from Capital Outlay/Capital Reserve	<u>113,488</u>	<u>-</u>	<u>113,488</u>	<u>113,488</u>
 Total Revenues and Other Financing Sources	 <u>189,146</u>	 <u>-</u>	 <u>189,146</u>	 <u>189,146</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,509		1,509	1,509
Construction Services	<u>185,422</u>	<u>-</u>	<u>185,422</u>	<u>187,637</u>
 Total Expenditures and Other Financing Uses	 <u>186,931</u>	 <u>-</u>	 <u>186,931</u>	 <u>189,146</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 2,215</u>	 <u>\$ -</u>	 <u>\$ 2,215</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3340-010-09-OUAB
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 189,146
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 189,146
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	98.83%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - CEDAR HILL ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 49,704		\$ 49,704	\$ 49,704
Transfer from Capital Outlay/Capital Reserve	<u>74,556</u>	<u>-</u>	<u>74,556</u>	<u>74,556</u>
 Total Revenues and Other Financing Sources	 <u>124,260</u>	 <u>-</u>	 <u>124,260</u>	 <u>124,260</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	382		382	382
Construction Services	<u>122,423</u>	<u>-</u>	<u>122,423</u>	<u>123,878</u>
 Total Expenditures and Other Financing Uses	 <u>122,805</u>	 <u>-</u>	 <u>122,805</u>	 <u>124,260</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 1,455</u>	 <u>\$ -</u>	 <u>\$ 1,455</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3340-025-09-OUAD
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 124,260
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 124,260
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	98.83%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - ROBERT R. LAZAR MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 50,868		\$ 50,868	\$ 50,868
Transfer from Capital Outlay/Capital Reserve	<u>76,302</u>	<u>-</u>	<u>76,302</u>	<u>76,302</u>
 Total Revenues and Other Financing Sources	 <u>127,170</u>	 <u>-</u>	 <u>127,170</u>	 <u>127,170</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	391		391	391
Construction Services	<u>125,289</u>	<u>-</u>	<u>125,289</u>	<u>126,779</u>
 Total Expenditures and Other Financing Uses	 <u>125,680</u>	 <u>-</u>	 <u>125,680</u>	 <u>127,170</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 1,490</u>	 <u>\$ -</u>	 <u>\$ 1,490</u>	 <u>\$ -</u>

Additional Project Information:

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

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	98.83%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - HILLDALE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 45,235		\$ 45,235	\$ 45,235
Transfer from Capital Outlay/Capital Reserve	<u>67,852</u>	<u>-</u>	<u>67,852</u>	<u>67,852</u>
 Total Revenues and Other Financing Sources	 <u>113,087</u>	 <u>-</u>	 <u>113,087</u>	 <u>113,087</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	347		347	347
Construction Services	<u>111,414</u>	<u>-</u>	<u>111,414</u>	<u>112,740</u>
 Total Expenditures and Other Financing Uses	 <u>111,761</u>	 <u>-</u>	 <u>111,761</u>	 <u>113,087</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 1,326</u>	 <u>\$ -</u>	 <u>\$ 1,326</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3340-050-09-OUAH
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 113,087
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 113,087
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	98.83%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - VALLEY VIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 47,983		\$ 47,983	\$ 47,983
Transfer from Capital Outlay/Capital Reserve	<u>71,975</u>	<u>-</u>	<u>71,975</u>	<u>71,975</u>
 Total Revenues and Other Financing Sources	 <u>119,958</u>	 <u>-</u>	 <u>119,958</u>	 <u>119,958</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	369		369	369
Construction Services	<u>118,184</u>	<u>-</u>	<u>118,184</u>	<u>119,589</u>
 Total Expenditures and Other Financing Uses	 <u>118,553</u>	 <u>-</u>	 <u>118,553</u>	 <u>119,958</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 1,405</u>	 <u>\$ -</u>	 <u>\$ 1,405</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3340-055-09-GUAI
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 119,958
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 119,958
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	98.83%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - WILLIAM MASON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 42,805		\$ 42,805	\$ 42,805
Transfer from Capital Outlay/Capital Reserve	64,208	-	64,208	64,208
	<u>107,013</u>	<u>-</u>	<u>107,013</u>	<u>107,013</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	329		329	329
Construction Services	105,431	-	105,431	106,684
	<u>105,760</u>	<u>-</u>	<u>105,760</u>	<u>107,013</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,253</u>	<u>\$ -</u>	<u>\$ 1,253</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3340-065-09-OUAJ			
Grant Date	2010			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 107,013			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 107,013			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	98.83%			
Original Target Completion Date	June 30, 2013			
Revised Target Completion Date	June 30, 2013			

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - WOODMONT ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 45,708		\$ 45,708	\$ 45,708
Transfer from Capital Outlay/Capital Reserve	68,634	-	68,634	68,634
	<u>114,342</u>	<u>-</u>	<u>114,342</u>	<u>114,342</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	351		351	351
Construction Services	112,581	-	112,581	113,991
	<u>112,932</u>	<u>-</u>	<u>112,932</u>	<u>114,342</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,410</u>	<u>\$ -</u>	<u>\$ 1,410</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3340-070-09-OUAK
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 114,342
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 114,342
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	98.77%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROBERT R. LAZAR MIDDLE SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 314,885		\$ 314,885	\$ 314,885
Transfer from Capital Outlay/Capital Reserve	461,430	-	461,430	461,430
	<u>776,315</u>	<u>-</u>	<u>776,315</u>	<u>776,315</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	37,163		37,163	37,163
Construction Services	595,296		595,296	595,296
Transfer to General Fund	-	\$ 143,856	143,856	143,856
	<u>632,459</u>	<u>143,856</u>	<u>776,315</u>	<u>776,315</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 143,856</u>	<u>\$ (143,856)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3340-030-09-OZIF			
Grant Date	2011			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 787,213			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 787,213			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2013			
Revised Target Completion Date	June 30, 2013			

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HILLDALE ELEMENTARY SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 296,952		\$ 296,952	\$ 296,952
Transfer from Capital Outlay/Capital Reserve	325,000	\$ 15,755	340,755	445,429
	<u>621,952</u>	<u>15,755</u>	<u>637,707</u>	<u>742,381</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	36,038		36,038	74,238
Cancellation of SDA Grant Receivable		67,479	67,479	
Construction Services	534,190	-	534,190	668,143
	<u>570,228</u>	<u>67,479</u>	<u>637,707</u>	<u>742,381</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 51,724</u>	<u>\$ (51,724)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3340-050-09-OZIG			
Grant Date	2011			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 742,381			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 742,381			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	85.90%			
Original Target Completion Date	June 30, 2013			
Revised Target Completion Date	June 30, 2013			

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LAZAR MIDDLE SCHOOL INTERIOR IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Outlay	\$ 41,500	-	\$ 41,500	\$ 41,500
Total Revenues and Other Financing Sources	<u>41,500</u>	<u>-</u>	<u>41,500</u>	<u>41,500</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,186		3,186	3,186
Construction Services	38,000		38,000	38,000
Transfer to General Fund	-	\$ 314	314	314
Total Expenditures and Other Financing Uses	<u>41,186</u>	<u>314</u>	<u>41,500</u>	<u>41,500</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 314</u>	<u>\$ (314)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 41,500
Authorized Cost Reduction	\$ -
Revised Authorized Cost	\$ 41,500
Percentage Decrease Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HILLDALE ELEMENTARY SCHOOL INTERIOR IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Outlay	\$ 68,500	-	\$ 68,500	\$ 68,500
Total Revenues and Other Financing Sources	<u>68,500</u>	<u>-</u>	<u>68,500</u>	<u>68,500</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,299		3,299	3,299
Construction Services	62,160		62,160	62,160
Transfer to General Fund	-	\$ 3,041	3,041	3,041
Total Expenditures and Other Financing Uses	<u>65,459</u>	<u>3,041</u>	<u>68,500</u>	<u>68,500</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 3,041</u>	<u>\$ (3,041)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 68,500
Authorized Cost Reduction	\$ -
Revised Authorized Cost	\$ 68,500
Percentage Decrease Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MONTVILLE HIGH SCHOOL INTERIOR IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Outlay	\$ 69,800	-	\$ 69,800	\$ 69,800
 Total Revenues and Other Financing Sources	 69,800	 -	 69,800	 69,800
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	4,667		4,667	4,667
Construction Services	64,999		64,999	64,999
Transfer to General Fund	-	\$ 134	134	134
 Total Expenditures and Other Financing Uses	 69,666	 134	 69,800	 69,800
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 \$ 134	 \$ (134)	 \$ -	 \$ -

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 69,800
Authorized Cost Reduction	\$ -
Revised Authorized Cost	\$ 69,800
 Percentage Decrease Over Original Authorized Cost	 0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

ENTERPRISE FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 19,533	\$ 409,940	\$ 429,473
Receivables			
Accounts		6,155	6,155
Inventories	<u>6,479</u>	<u>-</u>	<u>6,479</u>
 Total Current Assets	 <u>26,012</u>	 <u>416,095</u>	 <u>442,107</u>
Capital Assets			
Furniture, Machinery and Equipment	335,202		335,202
Less Accumulated Depreciation	<u>(266,577)</u>	<u>-</u>	<u>(266,577)</u>
 Total Capital Assets	 <u>68,625</u>	 <u>-</u>	 <u>68,625</u>
 Total Assets	 <u>94,637</u>	 <u>416,095</u>	 <u>510,732</u>
 LIABILITIES			
Current Liabilities			
Accounts Payable	21,168	1,554	22,722
Due to Other Funds	82,178	360,000	442,178
Unearned Revenue		46,874	46,874
Other Current Liabilities	<u>-</u>	<u>4,142</u>	<u>4,142</u>
 Total Current Liabilities	 <u>103,346</u>	 <u>412,570</u>	 <u>515,916</u>
 NET POSITION			
Net Investment in Capital Assets	68,625		68,625
Unrestricted	<u>(77,334)</u>	<u>3,525</u>	<u>(73,809)</u>
 Total Net Position	 <u>\$ (8,709)</u>	 <u>\$ 3,525</u>	 <u>\$ (5,184)</u>

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales	\$ 868,033		\$ 868,033
Special Functions	32,342		32,342
Program Fees	<u>-</u>	<u>\$ 692,788</u>	<u>692,788</u>
Total Operating Revenues	<u>900,375</u>	<u>692,788</u>	<u>1,593,163</u>
OPERATING EXPENSES			
Salaries and Wages	358,214	674,595	1,032,809
Management Fee	56,802		56,802
Supplies and Materials	2,351	44,403	46,754
Repairs and Maintenance	6,056		6,056
Utilities		60,000	60,000
Miscellaneous	68,278	2,781	71,059
Cost of Sales	411,039		411,039
Equipment	3,375		3,375
Depreciation	<u>13,019</u>	<u>-</u>	<u>13,019</u>
Total Operating Expenses	<u>919,134</u>	<u>781,779</u>	<u>1,700,913</u>
Operating Income (Loss)	<u>(18,759)</u>	<u>(88,991)</u>	<u>(107,750)</u>
Nonoperating Revenues			
Interest Income	<u>414</u>	<u>-</u>	<u>414</u>
Total Nonoperating Revenues	<u>414</u>	<u>-</u>	<u>414</u>
Change in Net Position	(18,345)	(88,991)	(107,336)
Net Position, Beginning of Year	<u>9,636</u>	<u>92,516</u>	<u>102,152</u>
Net Position, End of Year	<u>\$ (8,709)</u>	<u>\$ 3,525</u>	<u>\$ (5,184)</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 900,375	\$ 699,867	\$ 1,600,242
Cash Payments for Employees			
Salaries & Benefits	(358,214)	(674,595)	(1,032,809)
Cash Payments to Suppliers for Goods and Services	<u>(528,784)</u>	<u>(106,669)</u>	<u>(635,453)</u>
Net Cash Provided by (Used for) Operating Activities	<u>13,377</u>	<u>(81,397)</u>	<u>(68,020)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from (Payments Made to) Other Funds	<u>-</u>	<u>160,000</u>	<u>160,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>160,000</u>	<u>160,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>414</u>	<u>-</u>	<u>414</u>
Net Cash Provided by Investing Activities	<u>414</u>	<u>-</u>	<u>414</u>
Net Change in Cash and Cash Equivalents	13,791	78,603	92,394
Cash and Cash Equivalents, Beginning of Year	<u>5,742</u>	<u>331,337</u>	<u>337,079</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,533</u>	<u>\$ 409,940</u>	<u>\$ 429,473</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating (Loss)	<u>\$ (18,759)</u>	<u>\$ (88,991)</u>	<u>\$ (107,750)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	13,019		13,019
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable		955	955
Increase/(Decrease) in Accounts Payable	21,168	515	21,683
Increase/(Decrease) in Other Current Liabilities		(12,863)	(12,863)
Increase/(Decrease) in Unearned Revenue		18,987	18,987
Decrease/(Increase) in Inventory	<u>(2,051)</u>	<u>-</u>	<u>(2,051)</u>
Total Adjustments	<u>32,136</u>	<u>7,594</u>	<u>39,730</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 13,377</u>	<u>\$ (81,397)</u>	<u>\$ (68,020)</u>

FIDUCIARY FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Agency</u>		
	<u>Student</u>	<u>Payroll</u>	<u>Total</u>
	<u>Activity</u>		
ASSETS			
Cash	\$ 205,833	\$ 1,333,222	\$ 1,539,055
Total Assets	<u>\$ 205,833</u>	<u>\$ 1,333,222</u>	<u>\$ 1,539,055</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 393,739	\$ 393,739
Summer Savings		837,510	837,510
Accrued Salaries and Wages		72	72
Reserve for Flex Spending		25,823	25,823
Reserve for Cobra		3,933	3,933
Due to Other Funds		72,145	72,145
Due to Student Groups	\$ 205,833	-	205,833
Total Liabilities	<u>\$ 205,833</u>	<u>\$ 1,333,222</u>	<u>\$ 1,539,055</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>School</u>	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
ELEMENTARY SCHOOLS				
William Mason	\$ 19,275	\$ 11,454	\$ 11,818	\$ 18,911
Woodmont	7,262	13,315	14,138	6,439
Cedar Hill	923	15,310	14,895	1,338
Hilldale	5,288	18,358	18,664	4,982
Valley View	10,544	19,065	18,682	10,927
MIDDLE SCHOOL				
Robert R. Lazar	21,913	135,645	137,325	20,233
HIGH SCHOOL				
Montville High School	142,841	454,102	453,831	143,112
Athletic Account	87	101,562	101,758	(109)
Total	<u>\$ 208,133</u>	<u>\$ 768,811</u>	<u>\$ 771,111</u>	<u>\$ 205,833</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 364,910	\$ 22,049,180	\$ 22,020,351	\$ 393,739
Summer Savings		837,510		837,510
Accrued Salaries and Wages	71	25,598,073	25,598,072	72
Reserve for Flex Spending	22,829	66,181	63,187	25,823
Reserve for COBRA	3,933	18	18	3,933
Due to/(from) Other Funds				
General Fund	1,923	3,770		5,693
Unemployment Trust Fund	-	66,452	-	66,452
	<u>\$ 393,666</u>	<u>\$ 48,621,184</u>	<u>\$ 47,681,628</u>	<u>\$ 1,333,222</u>

LONG-TERM DEBT

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Refunding Bonds	11/16/2004	\$ 10,755,000	7/15/2016 7/15/2017 7/15/2018	\$ 850,000 845,000 835,000	3.60% 5.00% 5.00%	\$ 3,390,000		\$ 860,000	\$ 2,530,000
Refunding Bonds	9/16/2006	7,615,000				6,040,000		6,040,000	
Refunding Bonds	2/6/2008	7,230,000	8/1/2016-17 8/1/2018 8/1/2019 8/1/2020 8/1/2021	625,000 620,000 670,000 670,000 670,000	4.25% 5.00% 5.00% 4.625% 4.375%	4,510,000		630,000	3,880,000
Refunding Bonds	2/16/2016	5,200,000	2/1/2017 2/1/2018 2/1/2019 2/1/2020 2/1/2021 2/1/2022 2/1/2023	565,000 640,000 725,000 775,000 805,000 850,000 840,000	2.000% 3.000% 3.000% 3.000% 4.000% 4.000% 4.000%	-	\$ 5,200,000	-	5,200,000
						<u>\$ 13,940,000</u>	<u>\$ 5,200,000</u>	<u>\$ 7,530,000</u>	<u>\$ 11,610,000</u>
							Paid	\$ 1,980,000	
							Refunded	<u>5,550,000</u>	
								<u>\$ 7,530,000</u>	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>School Year</u>	<u>Original Amount</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Acquisition of Computers	2012/13	\$ 449,744	\$ 198,008		\$ 93,630	\$ 104,378
Acquisition of Computers and Copiers	2013/14	341,461	192,036		114,511	77,525
Acquisition of Computers	2014/15	366,971	<u>256,597</u>	<u>-</u>	<u>121,933</u>	<u>134,664</u>
			<u>\$ 646,641</u>	<u>\$ -</u>	<u>\$ 330,074</u>	<u>\$ 316,567</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final to Actual</u>
REVENUES:					
Local Sources:					
Property Tax Levy	\$ 2,380,069		\$ 2,380,069	\$ 2,380,069	
State Sources:					
Debt Service Aid	167,307	-	167,307	167,307	-
Total Revenues	<u>2,547,376</u>	<u>-</u>	<u>2,547,376</u>	<u>2,547,376</u>	<u>-</u>
EXPENDITURES:					
Debt Service:					
Principal	1,980,000		1,980,000	1,980,000	
Interest	567,376		567,376	567,375	\$ 1
Cost of Issuance	-	-	-	94,855	(94,855)
Total Regular Debt Service	<u>2,547,376</u>	<u>-</u>	<u>2,547,376</u>	<u>2,642,230</u>	<u>(94,854)</u>
Total Expenditures	<u>2,547,376</u>	<u>-</u>	<u>2,547,376</u>	<u>2,642,230</u>	<u>(94,854)</u>
Excess of Revenues Under Expenditures	-		-	(94,854)	(94,854)
Other Financing Sources (Uses)					
Refunding Bond Proceeds				5,200,000	5,200,000
Original Issue Premium				475,024	475,024
Payment of Refunding Escrow Agent				(5,580,169)	(5,580,169)
Total Other Financing Sources (Uses)				<u>94,855</u>	<u>94,855</u>
Net Change in Fund Balance				1	1
Fund Balance, Beginning of Year	-		-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 9,066,158	\$ 10,563,880	\$ 11,707,487	\$ 11,094,896	\$ 14,062,646	\$ 15,224,134	\$ 17,759,383	\$ 20,832,098	\$ 21,959,713	\$ 25,261,772
Restricted	215,524	242,782	1,732,825	1,510,924	1,220,819	3,420,820	4,768,830	5,824,111	5,271,211	3,399,251
Unrestricted	2,480,499	2,128,809	2,137,441	1,894,213	2,677,311	3,184,008	2,750,891	2,440,413	(8,203,422)	(9,285,711)
Total Governmental Activities Net Position	\$ 11,762,181	\$ 12,935,471	\$ 15,577,753	\$ 14,500,033	\$ 17,960,776	\$ 21,828,962	\$ 25,279,104	\$ 29,096,622	\$ 19,027,502	\$ 19,375,312
Business-Type Activities										
Investment in Capital Assets	\$ 63,376	\$ 103,341	\$ 90,221	\$ 77,283	\$ 64,444	\$ 51,712	\$ 39,942	\$ 29,110	\$ 81,644	\$ 68,625
Unrestricted	923,110	1,004,139	1,051,884	1,196,064	1,046,391	782,208	552,083	257,559	20,508	(73,809)
Total Business-Type Activities Net Position	\$ 986,486	\$ 1,107,480	\$ 1,142,105	\$ 1,273,347	\$ 1,110,835	\$ 833,920	\$ 592,025	\$ 286,669	\$ 102,152	\$ (5,184)
District-Wide										
Net Investment in Capital Assets	\$ 9,129,534	\$ 10,667,221	\$ 11,797,708	\$ 11,172,179	\$ 14,127,090	\$ 15,275,846	\$ 17,799,325	\$ 20,861,208	\$ 22,041,357	\$ 25,330,397
Restricted	215,524	242,782	1,732,825	1,510,924	1,220,819	3,420,820	4,768,830	5,824,111	5,271,211	3,399,251
Unrestricted	3,403,609	3,132,948	3,189,325	3,090,277	3,723,702	3,966,216	3,302,974	2,697,972	(8,182,914)	(9,359,520)
Total District Net Position	\$ 12,748,667	\$ 14,042,951	\$ 16,719,858	\$ 15,773,380	\$ 19,071,611	\$ 22,662,882	\$ 25,871,129	\$ 29,383,291	\$ 19,129,654	\$ 19,370,128

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 28,482,218	\$ 30,965,510	\$ 30,770,482	\$ 30,867,596	\$ 29,883,027	\$ 29,625,688	\$ 32,169,118	\$ 30,795,183	\$ 36,547,777	\$ 38,487,105
Special Education	7,054,413	7,089,567	7,391,380	8,491,808	9,992,855	10,884,258	11,793,271	12,047,604	15,091,383	16,531,227
Other Instruction	721,530	849,294	940,296	732,337	1,206,905	1,394,338	1,359,022	1,308,220	1,997,181	1,994,970
School Sponsored Activities and Athletics	1,420,113	1,409,346	1,652,925	1,798,207	1,506,607	1,690,044	1,678,295	1,719,860	1,867,670	2,050,675
Support Services:										
Student & Instruction Related Services	9,652,264	9,235,493	9,599,153	9,742,024	9,259,691	9,720,565	10,055,231	10,720,288	12,554,475	13,470,822
School Administrative Services	3,353,779	3,386,170	2,965,228	3,040,190	3,110,820	2,987,170	3,302,622	3,102,053	3,151,180	3,380,103
General Administration	1,697,592	1,637,703	1,669,060	1,488,863	1,494,562	1,641,283	1,498,262	1,421,243	1,936,938	2,471,717
Business/Central Services	1,298,079	1,142,351	1,194,161	1,233,403	1,159,531	1,207,942	1,277,188	1,348,617	1,367,836	1,439,620
Plant Operations and Maintenance	6,490,953	6,528,147	6,516,878	6,586,201	5,658,951	5,852,882	5,690,169	5,516,674	6,106,178	6,361,161
Pupil Transportation	3,062,766	3,316,468	3,436,088	3,411,953	3,277,783	3,373,629	3,398,060	3,537,149	3,858,003	4,098,468
Interest on Long-Term Debt	1,157,462	1,158,531	1,029,060	1,007,607	924,295	891,206	780,680	699,486	626,181	606,495
Total Governmental Activities Expenses	64,391,169	66,718,580	67,164,711	68,400,189	67,475,027	69,269,005	73,001,918	72,216,377	85,104,802	90,892,363
Business-Type Activities:										
Enterprise Funds	1,084,386	1,229,302	1,360,033	1,214,124	1,434,404	1,523,210	1,537,053	1,585,291	1,637,939	1,700,913
Total Business-Type Activities Expense	1,084,386	1,229,302	1,360,033	1,214,124	1,434,404	1,523,210	1,537,053	1,585,291	1,637,939	1,700,913
Total District Expenses	\$ 65,475,555	\$ 67,947,882	\$ 68,524,744	\$ 69,614,313	\$ 68,909,431	\$ 70,792,215	\$ 74,538,971	\$ 73,801,668	\$ 86,742,741	\$ 92,593,276
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 353,166	\$ 347,720	\$ 349,228	\$ 305,031	\$ 564,643	\$ 563,353	\$ 479,295	\$ 480,781	\$ 442,373	\$ 440,231
Operating Grants and Contributions	8,954,419	9,185,286	9,080,919	8,749,354	6,787,584	8,945,638	10,868,364	10,128,206	18,459,436	22,937,619
Capital Grants and Contributions	223,147	36,284	64,585	946,483	638,936	117,506	16,562	294,196	4,741	14,494
Total Governmental Activities Program Revenues	9,530,732	9,569,290	9,494,732	10,000,868	7,991,163	9,626,497	11,364,221	10,903,183	18,906,550	23,392,344
Business-Type Activities:										
Charges for Services										
Enterprise Funds	1,225,689	1,327,570	1,370,001	1,323,532	1,251,144	1,225,922	1,277,154	1,265,087	1,453,167	1,593,163
Operating Grants and Contributions	20,758	23,117	22,470	18,665	17,538	16,855	16,128	14,270	-	-
Total Business Type Activities Program Revenues	1,246,447	1,350,687	1,392,471	1,342,197	1,268,682	1,242,777	1,293,282	1,279,357	1,453,167	1,593,163
Total District Program Revenues	\$ 10,777,179	\$ 10,919,977	\$ 10,887,203	\$ 11,343,065	\$ 9,259,845	\$ 10,869,274	\$ 12,657,503	\$ 12,182,540	\$ 20,359,717	\$ 24,985,507
Net (Expense)/Revenue										
Governmental Activities	\$ (54,860,437)	\$ (57,149,290)	\$ (57,669,979)	\$ (58,399,321)	\$ (59,483,864)	\$ (59,642,508)	\$ (61,637,697)	\$ (61,313,194)	\$ (66,198,252)	\$ (67,500,019)
Business-Type Activities	162,061	121,385	32,438	128,073	(165,722)	(280,433)	(243,771)	(305,934)	(184,772)	(107,750)
Total District-Wide Net Expense	\$ (54,698,376)	\$ (57,027,905)	\$ (57,637,541)	\$ (58,271,248)	\$ (59,649,586)	\$ (59,922,941)	\$ (61,881,468)	\$ (61,619,128)	(66,383,024)	\$ (67,607,769)

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 52,779,206	\$ 53,979,874	\$ 56,002,556	\$ 58,235,700	\$ 59,929,098	\$ 60,826,776	\$ 61,319,473	\$ 62,393,125	\$ 63,640,987	\$ 64,913,806
Taxes Levied for Debt Service	2,119,454	1,987,004	2,180,333	2,116,681	2,326,078	2,359,061	2,353,046	2,369,626	2,377,773	2,380,069
Federal and State Aid - Unrestricted	632,110	703,261	23,878	-	-	-	-	-	71,118	78,884
Federal and State Aid - Restricted	265,843	374,999	218,381	267,223	137,224	120,990	122,318	122,780	126,598	130,043
Loss on Disposal of Capital Assets	(55,346)	-	-	-	-	-	-	-	-	-
Donated Capital Assets	18,186	-	-	-	-	990,000	-	-	-	-
Investment Earnings	360,054	202,641	130,231	138,754	93,257	119,460	106,784	32,074	30,249	39,653
Miscellaneous Income	351,781	332,935	1,756,883	239,679	458,950	440,193	196,218	213,107	277,327	305,374
Transfers	-	50,000	-	-	-	-	-	-	-	-
Total Governmental Activities	56,471,288	57,630,714	60,312,262	60,998,037	62,944,607	63,866,480	65,087,839	65,130,712	66,524,052	67,847,829
Business-Type Activities:										
Investment Earnings	1,174	2,482	2,187	3,169	3,210	3,518	1,876	578	255	414
Transfers	-	(50,000)	-	-	-	-	-	-	-	-
Total Business-Type Activities	1,174	(47,518)	2,187	3,169	3,210	3,518	1,876	578	255	414
Total District-Wide	\$ 56,472,462	\$ 57,583,196	\$ 60,314,449	\$ 61,001,206	\$ 62,947,817	\$ 63,869,998	\$ 65,089,715	\$ 65,131,290	\$ 66,524,307	\$ 67,848,243
Change in Net Position										
Governmental Activities	\$ 1,610,851	\$ 481,424	\$ 2,642,283	\$ 2,598,716	\$ 3,460,743	\$ 4,223,972	\$ 3,450,142	\$ 3,817,518	\$ 325,800	\$ 347,810
Business-Type Activities	163,235	73,867	34,625	131,242	(162,512)	(276,915)	(241,895)	(305,356)	(184,517)	(107,336)
Total District	\$ 1,774,086	\$ 555,291	\$ 2,676,908	\$ 2,729,958	\$ 3,298,231	\$ 3,947,057	\$ 3,208,247	\$ 3,512,162	\$ 141,283	\$ 240,474

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

	Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund											
Reserved	\$ 1,513,724	\$ 2,691,854	\$ 1,996,011	\$ 3,487,859	\$ 3,174,921						
Unreserved	1,569,647	1,674,748	2,133,589	1,280,893	1,228,287						
Restricted						\$ 2,654,830	\$ 5,788,973	\$ 7,011,651	\$ 7,766,356	\$ 7,006,808	\$ 5,233,256
Assigned						1,288,717	976,322	1,340,650	1,004,532	1,317,715	1,539,076
Unassigned	-	-	-	-	-	946,178	1,061,188	748,240	1,183,177	1,093,011	211,280
Total General Fund	\$ 3,083,371	\$ 4,366,602	\$ 4,129,600	\$ 4,768,752	\$ 4,403,208	\$ 4,889,725	\$ 7,826,483	\$ 9,100,541	\$ 9,954,065	\$ 9,417,534	\$ 6,983,612
All Other Governmental Funds											
Reserved	\$ 460,367	\$ 409,591	\$ 402,189	\$ 820,857	\$ 168,775						
Unreserved	1,366,452	1,058,396	905,493	1,349,968	1,435,698						
Restricted	-	-	-	-	-	\$ 914,534	\$ 698,669	\$ 647,698	\$ 54,692	\$ 49,275	\$ 47,164
Total All Other Governmental Funds	\$ 1,826,819	\$ 1,467,987	\$ 1,307,682	\$ 2,170,825	\$ 1,604,473	\$ 914,534	\$ 698,669	\$ 647,698	\$ 54,692	\$ 49,275	\$ 47,164

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 54,898,660	\$ 55,966,878	\$ 58,182,889	\$ 60,352,381	\$ 62,255,176	\$ 63,185,837	\$ 63,672,519	\$ 64,762,751	\$ 66,018,760	\$ 67,293,875
Tuition Charges	40,450	48,256	51,349	50,223	35,038	63,586	145,010	167,730	140,049	147,706
Interest Earnings	360,054	202,641	130,231	138,754	93,257	119,460	106,784	32,074	30,249	39,653
Miscellaneous	897,366	667,318	2,109,908	517,478	1,037,608	957,785	558,599	588,541	619,216	636,963
State Sources	8,697,216	9,185,571	8,168,260	8,553,269	5,986,825	7,509,113	9,836,061	9,520,534	10,405,221	12,271,912
Federal Sources	1,155,034	1,079,340	1,164,357	1,386,800	1,527,866	1,657,196	1,143,087	962,265	966,437	1,032,314
Total Revenues	66,048,780	67,150,004	69,806,994	70,998,905	70,935,770	73,492,977	75,462,060	76,033,895	78,179,932	81,422,423
Expenditures										
Instruction										
Regular Instruction	28,337,574	30,904,995	30,575,715	30,814,168	29,717,295	29,501,634	32,045,000	30,679,893	31,919,138	32,256,333
Special Education Instruction	7,050,578	7,095,637	7,383,460	8,471,234	9,972,991	10,881,992	11,788,476	12,044,454	13,826,070	14,647,044
Other Instruction	721,126	846,467	935,435	729,537	1,196,573	1,387,379	1,353,814	1,304,141	1,727,485	1,657,928
School Sponsored Activities and Athletics	1,415,076	1,409,346	1,652,925	1,798,207	1,506,607	1,690,044	1,678,295	1,719,860	1,836,299	1,943,736
Support Services:										
Tuition										
Student & Inst. Related Services	9,634,729	9,225,144	9,553,107	9,761,985	9,271,615	9,690,302	9,990,034	10,680,432	11,509,430	11,885,101
General Administration	1,669,966	1,620,999	1,618,953	1,495,036	1,459,698	1,598,800	1,460,898	1,414,130	1,552,884	1,907,008
School Administrative Services	3,210,588	3,326,541	2,884,912	2,963,505	3,071,611	2,925,910	3,193,054	3,034,992	3,055,587	3,225,483
Business/Central Services	3,062,766	1,137,964	1,190,497	1,200,997	1,154,611	1,201,103	1,270,992	1,342,020	1,334,538	1,351,839
Plant Operations and Maintenance	1,303,433	5,254,786	5,209,144	5,345,340	4,697,964	4,468,632	4,450,850	4,206,787	4,714,822	4,694,972
Pupil Transportation	5,247,046	3,316,468	3,436,088	3,411,953	3,277,783	3,373,629	3,398,060	3,537,149	3,856,497	4,093,678
Capital Outlay	904,937	1,320,487	1,213,178	3,175,433	3,048,069	1,528,013	1,332,822	3,408,225	859,789	3,200,110
Debt Service:										
Principal	1,410,000	1,470,403	1,769,282	1,831,371	1,810,024	1,799,217	1,905,594	2,003,518	2,232,394	2,310,074
Interest and Other Charges	1,561,243	1,553,179	1,083,562	1,028,483	954,351	886,580	820,828	739,237	663,918	672,800
Total Expenditures	65,529,062	68,482,416	68,506,258	72,027,249	71,139,192	70,933,235	74,688,717	76,114,838	79,088,851	83,846,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	519,718	(1,332,412)	1,300,736	(1,028,344)	(203,422)	2,559,742	773,343	(80,943)	(908,919)	(2,423,683)
Other Financing sources (uses)										
Original Issue Premium	81,281	710,280								475,024
Proceeds from Refunding	7,615,000	7,230,000								5,200,000
Payments to Escrow Agent	(7,282,000)	(7,530,000)								(5,580,169)
Proceeds from Capital Lease		474,825	201,559	96,448		161,051	449,744	341,461	366,971	
Cancelled Grants Receivable	(9,600)									(107,205)
Transfers In	99,397	108,910	1,008,667	973,205	1,279,915	850,433	860,143	1,700,855		421,766
Transfers Out	(99,397)	(58,910)	(1,008,667)	(973,205)	(1,279,915)	(850,433)	(860,143)	(1,700,855)		(421,766)
Total Other Financing Sources (Uses)	404,681	935,105	201,559	96,448	-	161,051	449,744	341,461	366,971	(12,350)
Net Change in Fund Balances	\$ 924,399	\$ (397,307)	\$ 1,502,295	\$ (931,896)	\$ (203,422)	\$ 2,720,793	\$ 1,223,087	\$ 260,518	\$ (541,948)	\$ (2,436,033)
Debt Service as a Percentage of Noncapital Expenditures	4.60%	4.50%	4.24%	4.15%	4.06%	3.87%	3.72%	3.77%	3.70%	3.70%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30.	Interest Earned	Tuition	Transportation	Municipal Contribution	Insurance/ Other Refunds	Facility Rental	Student Activity Fees	E-Rate	Miscellaneous	Total
2007	\$ 294,438	\$ 40,450	\$ 312,726	\$ 200,000					\$ 351,781	\$ 1,199,395
2008	143,731	48,256	299,464						332,935	824,386
2009	80,557	51,349	297,879		\$ 1,603,680				153,203	2,186,668
2010	114,155	50,223	254,808		135,193	\$ 20,330			84,156	658,865
2011	93,257	35,038	374,805		327,227	20,055	\$ 155,100		111,368	1,116,850
2012	119,460	63,586	357,742		152,176	34,986	142,025		253,031	1,123,006
2013	106,784	145,010	334,285		117,346	37,279			41,593	782,297
2014	32,074	167,730	313,051		27,286	26,466			159,355	725,962
2015	30,249	140,049	302,324		22,854	10,718		\$ 109,344	134,411	749,949
2016	39,653	147,706	292,525		118,767	39,119		102,252	45,236	785,258

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 51,034,900	\$ 2,300,050,300	\$ 6,089,600	\$ 172,700	\$ 155,319,100	\$ 236,326,800	\$ 52,458,100	\$ 2,801,451,500	\$ 3,552,455	\$ 2,805,003,955	\$ 5,150,707,129	\$ 1.976
2008	52,196,600	2,322,318,300	6,381,200	173,100	154,714,800	235,076,800	45,146,400	2,816,007,200	3,451,817	2,819,459,017	5,436,261,777	2.025
2009	47,408,700	2,344,737,600	6,809,300	174,500	155,571,200	233,776,700	45,146,400	2,833,624,400	3,528,121	2,837,152,521	5,611,334,177	2.089
2010	45,954,800	2,349,791,700	6,809,300	174,500	157,443,300	226,360,400	45,146,400	2,831,680,400	3,614,059	2,835,294,459	5,455,277,462	2.163
2011	43,282,600	2,350,094,700	6,117,500		158,075,000	225,728,500	45,046,400	2,828,344,700	2,969,737	2,831,314,437	5,171,193,594	2.216
2012 ^b	75,191,000	3,716,335,500	10,063,100	175,500	260,454,200	378,834,700	77,158,000	4,518,212,000	4,878,055	4,523,090,055	5,028,168,356	1.403
2013	64,615,400	3,711,437,300	9,338,600	174,200	259,359,200	376,923,100	77,158,000	4,499,005,800	4,878,055	4,503,883,855	4,843,403,476	1.426
2014	59,887,700	3,724,787,100	9,074,900	186,200	258,164,500	374,440,000	77,158,000	4,503,698,400	3,036,582	4,506,734,982	4,770,546,186	1.451
2015	59,263,100	3,729,974,300	9,510,800	186,200	252,267,500	373,495,200	77,158,000	4,501,855,100	3,037,248	4,504,892,348	4,856,894,055	1.480
2016	56,943,100	3,737,842,800	10,396,500	186,200	253,655,400	371,941,400	77,158,000	4,508,123,400	3,005,634	4,511,129,034	4,834,448,686	1.507

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Fire Districts	Municipality	County	
2007	\$ 1.976	\$ 0.060	\$ 0.619	\$ 0.431	\$ 3.086
2008	2.025	0.064	0.662	0.449	3.200
2009	2.089	0.064	0.674	0.450	3.277
2010	2.163	0.064	0.684	0.440	3.351
2011	2.216	0.064	0.694	0.430	3.404
2012 (a)	1.403	0.118	0.444	0.274	2.239
2013	1.426	0.119	0.462	0.269	2.276
2014	1.451	0.039	0.466	0.271	2.227
2015	1.480	0.035	0.433	0.272	2.220
2016	1.507	0.039	0.475	0.275	2.296

Source: County Abstract of Ratables

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

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
RG Realty Investors LLC	\$ 75,000,500	1.66%		
19 Chapin C/O AEW Capital Mgmt	56,900,500	1.26%		
Newark Morning Ledger	19,500,000	0.43%		
Milwe, Jane	18,969,000	0.42%		
O'Dowd's, Inc.	16,717,000	0.37%		
RCS Montville LLC	16,437,000	0.36%		
Triangle 46 Prop LLC	16,150,500	0.36%		
Algonquin Gas Trans Co.	15,592,300	0.35%		
O'Dowd's, Inc.	15,222,000	0.34%		
RCS Montville LLC	13,902,000	0.31%		
	<u>\$ 264,390,800</u>	<u>5.86%</u>		
Pernwil Assoc.			\$43,726,900	1.56%
Stanley Karczynski			32,000,000	1.14%
Newark Morning Ledger			17,000,000	0.61%
O'Dowd's, Inc.			12,088,000	0.43%
Milwe, Jane			11,272,100	0.40%
Bayer Healthcare			10,410,900	0.37%
O'Dowd's Inc.			9,362,500	0.33%
Stanley Karczynski			9,000,000	0.32%
O'Dowd's, Inc.			7,394,200	0.26%
Parsippany RE Assoc, LLC			7,160,000	0.26%
			<u>159,414,600</u>	<u>5.68%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 54,898,660	\$ 54,898,660	100.00%	N/A
2008	55,966,878	55,966,878	100.00%	N/A
2009	58,182,889	58,182,889	100.00%	N/A
2010	60,352,381	60,352,381	100.00%	N/A
2011	62,255,176	60,067,241	96.49%	\$ 2,187,935
2012	63,185,837	63,185,837	100.00%	N/A
2013	63,672,519	63,672,519	100.00%	N/A
2014	64,762,751	64,762,751	100.00%	N/A
2015	66,018,760	66,018,760	100.00%	N/A
2016	67,293,875	67,293,875	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Business-Type Activities			
2007	\$ 27,275,000		\$ 27,275,000	20,939	\$ 1,303
2008	25,730,000		25,730,000	20,952	1,228
2009	24,225,000		24,225,000	21,000	1,154
2010	22,665,000		22,665,000	21,542	1,052
2011	21,060,000		21,060,000	21,647	973
2012	19,395,000		19,395,000	21,695	894
2013	17,655,000		17,655,000	21,772	811
2014	15,840,000		15,840,000	21,825	726
2015	13,940,000		13,940,000	21,850	638
2016	11,610,000		11,610,000	21,850 *	531

* - Estimated

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2007	\$ 27,275,000		\$ 27,275,000	0.92%	\$ 1,302
2008	25,730,000		25,730,000	0.91%	1,225
2009	24,225,000		24,225,000	0.85%	1,125
2010	22,665,000		22,665,000	0.80%	1,047
2011	21,060,000		21,060,000	0.74%	971
2012	19,395,000		19,395,000	0.43%	896
2013	17,655,000		17,655,000	0.39%	811
2014	15,840,000		15,840,000	0.35%	726
2015	13,940,000		13,940,000	0.31%	638
2016	11,610,000		11,610,000	0.26%	531

Source: District records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2015
 (Unaudited)**

Direct Debt: (1)		
Montville Township Public Schools (as of June 30, 2016)		\$ 11,610,000
Township of Montville		<u>21,453,498</u>
		<u>33,063,498</u>
Overlapping Debt Apportioned to the Municipality:		
County of Morris (A)		12,126,575
Fire Districts	(B)	<u>-</u>
		<u>12,126,575</u>
Total Direct and Overlapping Debt		<u>\$ 45,190,073</u>

Source:

(1) Township's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to Montville Township Public Schools by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Morris County.

(B) Information not available.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 187,615,990	\$ 202,472,399	\$ 214,523,636	\$ 218,808,192	\$ 215,740,203	\$ 208,476,565	\$ 200,548,364	\$ 195,199,478	\$ 192,942,336	\$ 192,652,986
Total net debt applicable to limit	27,661,181	26,116,181	24,883,341	22,665,000	21,060,000	19,395,000	15,840,000	15,840,000	13,940,000	11,610,000
Legal debt margin	<u>\$ 159,954,809</u>	<u>\$ 176,356,218</u>	<u>\$ 189,640,295</u>	<u>\$ 196,143,192</u>	<u>\$ 194,680,203</u>	<u>\$ 189,081,565</u>	<u>\$ 184,708,364</u>	<u>\$ 179,359,478</u>	<u>\$ 179,002,336</u>	<u>\$ 181,042,986</u>
Total net debt applicable to the limit as a percentage of debt limit	14.74%	12.90%	11.60%	10.36%	9.76%	9.30%	7.90%	8.11%	7.22%	6.03%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2015	\$ 4,827,726,649
2014	4,858,882,727
2013	<u>4,762,364,560</u>
	<u>\$ 14,448,973,936</u>
Average equalized valuation of taxable property	<u>\$ 4,816,324,645</u>
Debt limit (4% of average equalization value)	192,652,986
Total Net Debt Applicable to Limit	<u>11,610,000</u>
Legal debt margin	<u>\$ 181,042,986</u>

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	20,939	\$ 72,211	1.80%
2008	20,952	74,636	2.30%
2009	21,000	70,516	4.10%
2010	21,542	72,780	4.10%
2011	21,647	76,194	4.00%
2012	21,695	78,693	4.10%
2013	21,772	79,094	5.50%
2014	21,825	82,810	4.60%
2015	21,850	not available	3.80%
2016	21,850 *	not available	not available

* - Estimate

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>	<u>2016</u>
Instruction										
Regular	265	331	333	342	272	273	276	277	277	275
Special Education	73	78	71	69	121	92	88	91	97	99
Other Instruction	12	49	35	31	3	3	3	3	3	3
School Sponsored Activities/Athletics	69	3	3	3	2	2	2	2	2	2
Support Services:										
Student & Instruction Related Services	91	71	104	84	86	147	174	185	192	208
General Administration	5	6	5	5	6	6	15	16	17	17
School Administrative Services	27	29	27	27	22	25	26	25	25	25
Central Services	15	13	13	14	15	15	6	7	7	7
Plant Operations and Maintenance	57	89	84	67	33	35	37	37	39	36
Total	<u>614</u>	<u>669</u>	<u>675</u>	<u>642</u>	<u>560</u>	<u>598</u>	<u>627</u>	<u>643</u>	<u>659</u>	<u>672</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2007	4,205	\$ 61,652,882	\$ 14,662	8.76%	350	1:17	1:12	1:14	4,202	4,023	1.72%	95.74%
2008	4,303	63,828,581	14,834	1.17%	363	1:10	1:12	1:14	4,261	4,083	1.40%	95.82%
2009	4,264	64,440,236	15,113	1.88%	397	1:10	1:11	1:11	4,231	4,061	-0.70%	95.98%
2010	4,288	65,991,962	15,390	1.83%	368	1:10	1:12	1:13	4,263	4,092	0.76%	95.99%
2011	4,271	65,326,748	15,295	-0.61%	356	1:17	1:15	1:15	4,218	4,039	-1.06%	95.76%
2012	4,166	66,719,325	16,015	4.71%	351	1:17	1:14	1:14	4,140	3,992	-1.85%	96.43%
2013	4,095	70,629,473	17,248	7.70%	364	1:16	1:15	1:14	4,069	3,912	-1.71%	96.14%
2014	3,989	69,963,858	17,539	1.69%	368	1:16	1:15	1:14	3,980	3,831	-2.19%	96.26%
2015	3,915	75,332,750	19,242	9.71%	375	1:15	1:15	1:12	3,886	3,755	-2.36%	96.63%
2016	3,777	77,663,122	20,562	6.86%	374	1:15	1:15	1:12	3,773	3,642	-2.91%	96.53%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>									
<u>Elementary</u>									
<u>Cedar Hill Elementary</u>									
Square Feet	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262
Capacity (students)	437	437	437	437	437	437	437	437	437
Enrollment		381	384	394	381	329	346	340	332
<u>Hilldale Elementary</u>									
Square Feet	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055
Capacity (students)	423	423	423	423	423	423	423	423	423
Enrollment ^a		375	392	390	371	370	357	365	360
<u>William Mason Elementary</u>									
Square Feet	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031
Capacity (students)	351	351	351	351	351	351	351	351	351
Enrollment		365	340	315	308	282	271	267	271
<u>Valley View Elementary</u>									
Square Feet	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725
Capacity (students)	490	490	490	490	490	490	490	490	490
Enrollment ^a		375	424	399	410	427	419	416	409
<u>Woodmont Elementary</u>									
Square Feet	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062
Capacity (students)	383	383	383	383	383	383	383	383	383
Enrollment		353	360	367	342	329	320	298	266
<u>Robert R. Lazar Middle School</u>									
Square Feet	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682
Capacity (students)	897	897	897	897	897	897	897	897	897
Enrollment		1,034	1,033	685	964	966	978	967	928
<u>Montville High School</u>									
Square Feet	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515
Capacity (students)	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Enrollment		1,265	1,340	1,368	1,364	1,336	1,289	1,233	1,207

Number of Schools at June 30, 2016

Elementary = five

Middle School = one

Senior High School = one

Source: District Records

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

	<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>	<u>2016</u>
<u>School Facilities</u>										
Cedar Hill School	\$ 34,152	\$ 69,651	\$ 67,006	\$ 76,923	\$ 76,663	\$ 76,303	\$ 87,764	\$ 81,186	\$ 81,670	\$ 74,845
Hilldale School	62,206	55,789	53,670	61,614	61,405	61,117	70,298	65,029	65,416	59,949
William Mason School	35,369	55,753	53,636	61,574	61,366	61,078	70,252	64,986	65,374	59,910
Valley View School	42,820	82,393	79,263	90,994	102,873	90,262	103,820	96,038	96,610	88,537
Woodmont School	41,744	64,833	62,371	71,602	71,361	71,026	81,693	75,570	76,021	69,668
Robert R. Lazar Middle School	71,467	160,618	154,518	177,387	176,789	175,959	202,388	187,217	188,334	172,596
High School	139,062	335,013	310,726	369,989	368,742	367,011	422,137	390,495	392,824	359,997
Total School Facilities	<u>426,820</u>	<u>824,050</u>	<u>781,190</u>	<u>910,083</u>	<u>919,199</u>	<u>902,756</u>	<u>1,038,352</u>	<u>960,521</u>	<u>966,249</u>	<u>885,502</u>
Other Facilities	<u>6,218</u>	<u>9,786</u>	<u>9,415</u>	<u>10,807</u>	<u>10,772</u>	<u>10,722</u>	<u>12,330</u>	<u>11,407</u>	<u>11,475</u>	<u>11,363</u>
Grand Total	<u>\$ 433,038</u>	<u>\$ 833,836</u>	<u>\$ 790,605</u>	<u>\$ 920,890</u>	<u>\$ 929,971</u>	<u>\$ 913,478</u>	<u>\$ 1,050,682</u>	<u>\$ 971,928</u>	<u>\$ 977,724</u>	<u>\$ 896,865</u>

Source: District Records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property - Blanket Building & Contents	\$ 122,323,573	\$ 5,000
Comprehensive General Liability(Each Occurrence)	1,000,000	
Comprehensive Crime Coverage - Employee Theft	500,000	5,000
Comprehensive Crime Coverage - Forgery or Alteration	50,000	1,000
Faithful Performance of Duty Coverage for Government Employees	250,000	
 Boiler and Machinery Property Damage	 100,000,000	 1,000
 School Board Legal Liability Limit of Liability Employment Practices Liability	 1,000,000 1,000,000	 10,000
 Public Officials Bonds Board Secretary/Business Administrator	 350,000	
 Commercial Automobile - Liability	 1,000,000	 1,000
 Excess Liability / Workers Compensation	 1,000,000	

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Montville Township Public Schools
Montville, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Montville Township Public Schools' basic financial statements and have issued our report thereon dated October 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Montville Township Public Schools' 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 Montville Township Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Montville Township Public Schools' 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 entity'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Montville Township Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Montville Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 18, 2016.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 18, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Montville Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Montville Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2016. The Montville Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Montville Township Public Schools' 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Montville Township Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Montville Township Public Schools 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, 2016.

Report on Internal Control Over Compliance

Management of the Montville Township Public Schools 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 Montville Township Public Schools' 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 the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Montville Township Public Schools' internal control over compliance.

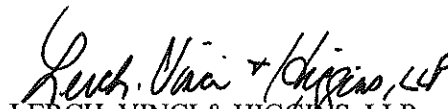
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


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

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

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 18, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 18, 2016

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Refund of Prior Year Balances	Balance, June 30, 2016			MEMO GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education															
<u>Special Revenue Fund:</u>															
I.D.E.A. Part B, Basic	84.027	H027A150100	FT-3340-16	7/1/15-6/30/16	\$ 818,347		\$ 24,633		\$ 807,994	\$ (24,633)		\$ (842,980)	\$ 34,986		\$ 807,994
I.D.E.A. Part B, Basic	84.027		FT-3340-15	7/1/14-6/30/15	798,226	\$ (802,449)	(24,633)	\$ 802,449		24,633					
I.D.E.A. Preschool	84.173	H173A150114	FT-3340-16	7/1/15-6/30/16	27,998		1,083		28,914	(1,083)		(29,081)	167		28,914
I.D.E.A. Preschool	84.173		FT-3340-15	7/1/14-6/30/15	27,156	(26,073)	(1,083)	26,073		1,083					
Total Special Education Cluster						(828,522)	-	828,522	836,908	-	-	(872,061)	35,153	-	836,908
NCLB - Title I	84.010	S010A150030	NCLB334003C	7/1/15-6/30/16	106,991		21,253	46,782	121,697	(21,253)		(81,462)	6,547		74,915
NCLB - Title I	84.010		NCLB334003C	7/1/14-6/30/15	103,335	(40,117)	(21,253)	40,117		21,253					
NCLB - Title IIA	84.367	S367A150029	NCLB334003C	7/1/15-6/30/16	41,791		18,679	31,681	48,974	(18,679)		(28,789)	11,496		17,293
NCLB - Title IIA	84.367		NCLB334003C	7/1/14-6/30/15	42,607	(1,890)	(18,679)	1,890		18,679					
NCLB - Title III	84.365	S365A150030	NCLB334003C	7/1/15-6/30/16	20,284		1,459	16,670	18,615	(1,459)		(5,073)	3,128		1,945
NCLB - Title III	84.365		NCLB334003C	7/1/14-6/30/15	15,084	(12,921)	(1,459)	12,921		1,459					
NCLB - Title III-Immigrant	84.365	S365A150030	NCLB334003C	7/1/15-6/30/16	9,658		13	1,600	6,120	(13)		(8,071)	3,551		4,520
NCLB - Title III-Immigrant	84.365		NCLB334003C	7/1/14-6/30/15	7,510	(4,541)	(13)	4,541		13					
Total NCLB - Title III Cluster						(17,462)	-	35,732	24,735	-	-	(13,144)	6,679	-	6,465
Total Special Revenue Fund						(887,991)	-	984,724	1,032,314	-	-	(995,456)	59,875	-	935,581
Total Federal Financial Awards						\$ (887,991)	\$ -	\$ 984,724	\$ 1,032,314	\$ -	\$ -	\$ (995,456)	\$ 59,875	\$ -	\$ 935,581

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2016			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
<u>General Fund:</u>															
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,469,587				\$ 1,336,426	\$ 1,469,587				\$ (133,161)			\$ 1,469,587
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	1,469,587	\$ (139,215)			139,215								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	62,566				56,897	62,566				(5,669)			62,566
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	62,566	(5,927)			5,927								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	39,280				35,721	39,280				(3,559)			39,280
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	39,280	(3,721)			3,721								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	39,280				35,721	39,280				(3,559)			39,280
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	39,280	(3,721)			3,721								
Total State Aid Public Cluster				(152,584)			1,617,349	1,610,713				(145,948)			1,610,713
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	223,430				203,185	223,430				(20,245)			223,430
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	223,430	(21,166)			21,166								
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	2,172,950					2,172,950				(2,172,950)			2,172,950
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	1,954,811	(1,954,811)			1,954,811								
Nonpublic Transportation Reimbursement	not available	7/1/15-6/30/16	35,226					35,226				(35,226)			35,226
Nonpublic Transportation Reimbursement	not available	7/1/14-6/30/15	40,833	(40,833)			40,833								
On Behalf TPAF															
Pension Contribution	16-495-034-5094-002	7/1/15-6/30/16	2,468,733				2,468,733	2,468,733							2,468,733
Pension Contribution - NCGI	16-495-034-5094-004	7/1/15-6/30/16	122,977				122,977	122,977							122,977
Post Retirement Medical Contr.	16-495-034-5094-001	7/1/15-6/30/16	3,086,010				3,086,010	3,086,010							3,086,010
Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,471,445				2,350,412	2,471,445				(121,033)		(121,033)	2,471,445
Social Security Contributions	15-495-034-5095-003	7/1/14-6/30/15	2,439,321	(119,469)			119,469								
Total General Fund				(2,288,863)			11,984,945	12,191,484				(2,495,402)		(156,259)	12,191,484
<u>Special Revenue Fund:</u>															
New Jersey Nonpublic Aid															
<u>Auxiliary Services</u>															
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	4,230				4,230	3,384						846	3,384
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	8,958		\$ 1,254				\$ 1,254						
ESL	14-100-034-5120-067	7/1/13-6/30/14	3,492												
Total Chapter 192 Cluster					1,254		4,230	3,384			1,254			846	3,384
<u>Handicapped Services</u>															
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	12,780				12,780	12,780							12,780
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	17,107		4,862						4,862				
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	18,476				18,476	17,557					919		17,557
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	16,787		1,944						1,944				
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	8,985				8,985	8,094						891	8,094
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	9,416		2,275						2,275				
Total Chapter 193 Cluster					9,081		40,241	38,431			9,081			1,810	38,431
New Jersey Nonpublic Aid															
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	19,929				19,929	18,535						1,394	18,535
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	22,282		224						224				
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	31,140				31,140	31,140							31,140
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	34,905												
Technology	16-100-034-5120-373	7/1/15-6/30/16	9,074				9,074	8,944						130	8,944
Technology	15-100-034-5120-373	7/1/14-6/30/15	11,968												
Security		7/1/15-6/30/16	8,775				8,775	8,775							8,775
Total Special Revenue Fund					10,559		113,389	109,209			10,559			4,180	109,209
<u>Debt Service Fund</u>															
Debt Service Aid	16-100-034-5120-075	7/1/15-6/30/16	167,307				167,307	167,307							167,307
Total Debt Service Fund							167,307	167,307							167,307

Continued

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2016			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Capital Projects Fund:															
State Economic Development Authority															
Educational Facilities Construction & Financing Act (Schools Construction Corp.):															
Cedar Hill School- Boiler replacement	3340-025-05-1000		\$ 171,994	\$ (107,205)				\$ 107,205							\$ 107,205
Lazar Middle School Classroom Conversion	3340-030-05-1000		428,226	(2,513)			(2,513)								263,769
High School Renovations	3340-010-01-0478		4,187,687	(802,561)		\$ 628,153	14,038				\$ (188,446)		\$ (188,446)		4,187,687
Lazar Middle School Gym Roof	3340-03-09-OUAE		93,272	(61,023)				61,023							93,272
Security System Upgrade															
Montville High School	3340-010-09-OUAB		75,658	(75,173)							(75,658)	\$ 485	(75,658)		75,173
Cedar Hill Elementary School	3340-025-09-OUAD		49,704	(49,385)							(49,704)	319	(49,704)		49,385
Robert R. Lazar Middle School	3340-030-09-OUAF		50,868	(50,541)							(50,868)	327	(50,868)		50,541
Hilldale Elementary School	3340-050-09-OUAH		45,235	(44,944)							(45,235)	291	(45,235)		44,944
Valley View Elementary	3340-055-09-GUAI		47,983	(47,676)							(47,983)	307	(47,983)		47,676
William Mason Elementary	3340-065-09-OUAI		42,805	(42,530)							(42,805)	275	(42,805)		42,530
Woodmont Elementary	3340-070-09-OUAK		45,708	(45,415)							(45,708)	293	(45,708)		45,415
Montville High School Roof Replacement	3340-010-09-1012		610,137	709			709								564,137
Lazar Middle School Roof Replacement	3340-030-09-OZIF		314,885	61,901			878	(61,023)							252,984
Hilldale Elementary School Roof Replacement	3340-050-09-OZIG		296,952	1,382			1,382								228,091
Total Capital Projects Fund				(1,264,974)	-	-	628,153	14,494	107,205	-	(546,407)	-	2,297	(546,407)	6,052,809
Total State Financial Assistance				(3,553,837)	\$ 10,559	-	12,893,794	12,482,494	107,205	10,559	(3,041,809)	-	6,477	(702,666)	18,520,809
State Financial Assistance Programs Not Subject to Calculation for Single Audit and Major Program Determination				-	-	-	(5,677,720)	(5,677,720)	-	-	-	-	-	-	(5,677,720)
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination				\$ (3,553,837)	\$ 10,559	\$ -	\$ 7,216,074	\$ 6,804,774	\$ 107,205	\$ 10,559	\$ (3,041,809)	\$ -	\$ 6,477	\$ (702,666)	\$ 12,843,089

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the District's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$210,582 for the general fund and an increase of \$8,741 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,980,902	\$ 11,980,902
Special Revenue Fund	\$ 1,032,314	109,209	1,141,523
Capital Projects Fund		14,494	14,494
Debt Service Fund	-	167,307	167,307
	<u>\$ 1,032,314</u>	<u>\$ 12,271,912</u>	<u>\$ 13,304,226</u>
Total Financial Assistance	<u>\$ 1,032,314</u>	<u>\$ 12,271,912</u>	<u>\$ 13,304,226</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$2,471,445 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$2,591,710 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,086,010 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of U.S. Uniform Guidance? yes X no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section II - Schedule of Financial Statement Findings

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

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by the U.S. Uniform Guidance and New Jersey OMB's Circular 15-08

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.