

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**BOARD OF EDUCATION
TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**BOARD OF EDUCATION
TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Michael C. Gorski, CPA, Board Secretary/School Business Administrator
and
The School Business Administrator's Staff
Of the Monroe Township Board of Education**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
FINANCIAL SECTION	
Independent Auditor's Report	10-12
Required Supplementary Information – Part I	
Management's Discussion and Analysis	13-28
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	31-32
B-2 Statement of Revenues, Expenditures and Change in Fund Balance	33
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	34
Proprietary Funds:	
B-4 Statement of Net Position	35
B-5 Statement of Revenues, Expenses and Change in Fund Net Position	36
B-6 Statement of Cash Flows	37
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	38
B-8 Statement of Change in Fiduciary Net Position	39
Notes to the Financial Statements	40-91

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule – General Fund	92-103
C-2	Budgetary Comparison Schedule – Special Revenue Fund.....	104

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	105
-----	-------------------------------------	-----

Required Supplementary Information – Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1	Schedule of the District’s Proportionate Share of the Net Pension Liability	106
L-2	Schedule of District Contributions – PERS	107
L-3	Schedule of District’s Proportionate Share of the Net Pension Liability – TPAF	108

Other Supplementary Information

D. School Level Schedules:

D-1	Combining Balance Sheet.....	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual.....	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual.....	N/A

E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	109
-----	---	-----

F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures	N/A
F-2	Summary Schedule of Revenues, Expenditures and Change in Fund Balance – Budgetary Basis	110
F2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	N/A

TABLE OF CONTENTS (CONTINUED)

		<u>Page</u>
Other Supplementary Information (Continued)		
G.	Proprietary Funds:	
	Enterprise Fund:	
	G-1 Statement of Net Position	N/A
	G-2 Statement of Revenues, Expenses and Change in Fund Net Position	N/A
	G-3 Statement of Cash Flows	N/A
	Internal Service Fund:	
	G-4 Combining Statement of Net Position	N/A
	G-5 Combining Statement of Revenues, Expenses and Change in Fund Net Position	N/A
	G-6 Combining Statement of Cash Flows	N/A
H.	Fiduciary Funds:	
	H-1 Schedule of Receipt and Disbursement – Payroll Agency Fund	111
	H-2 Schedule of Receipt and Disbursement – Student Activity Agency Fund	112
I.	Noncurrent Debt:	
	I-1 Schedule of Serial Bonds	113-114
	I-2 Schedule of Obligations Under Capital Leases	115
	I-3 Debt Service Fund Budgetary Comparison Schedule	116

STATISTICAL TABLES (SECTION) (Unaudited)

J	Introduction to Statistical Section	117
	Financial Trends:	
	J-1 Net Position by Component	118
	J-2 Changes in Net Position	119-121
	J-3 Fund Balances, Governmental Funds	122
	J-4 Changes in Fund Balances, Governmental Funds	123-124
	J-5 General Fund Other Local Revenue by Source	125
	Revenue Capacity:	
	J-6 Assessed Value and Actual Value of Taxable Property	126
	J-7 Direct and Overlapping Property Tax Rates	127
	J-8 Principal Property Taxpayers	128
	J-9 School Tax Levies and Collections	129

TABLE OF CONTENTS (CONTINUED)

STATISTICAL TABLES (SECTION) (Unaudited) (Continued)		<u>Page</u>
Debt Capacity:		
J-10	Ratios of Outstanding Debt by Type	130
J-11	Ratios of Net General Bonded Debt Outstanding	131
J-12	Direct and Overlapping Governmental Activities Debt.....	132
J-13	Legal Debt Margin Information.....	133
Demographic and Economic Information:		
J-14	Demographic and Economic Statistics.....	134
J-15	Principal Employers.....	135
Operating Information:		
J-16	Full time Equivalent District Employees by Function/Program	136
J-17	Operating Statistics	137
J-18	School Building Information	138
J-19	Schedule of Required Maintenance for School Facilities	139
J-20	Insurance Schedule	140-141

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	142-143
K-2	Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance	144-146
K-3	Schedule of Expenditures of Federal Awards, Schedule A	147-148
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	149
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	150-152
K-6	Schedule of Findings and Questioned Costs.....	153-154
K-7	Summary Schedule of Prior Year Audit Findings.....	155

INTRODUCTORY SECTION

MONROE TOWNSHIP BOARD OF EDUCATION

423 Buckelew Avenue
Monroe Township, NJ 08831
732-521-1500

DR. MICHAEL G. KOZAK
Superintendent
of Schools

MICHAEL C. GORSKI, CPA
Board Secretary/
School Business Administrator

November 7, 2017

Honorable President and Members
of the Board of Education
Monroe Township School District
County of Middlesex, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Monroe Township School District (District) for the fiscal year ended June 30, 2017. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement (GASB) 34. The District is required to adopt this financial reporting model which we believe will provide all users of this document with useful financial and statistical information. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("The Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Monroe Township School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District.
- The Financial Section begins with the Independent Auditors' Report and includes the Managements Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Tables (Section) includes selected data on Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information and Operating Information of the School District, generally presented on a multi-year basis.

- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit including the independent auditor's report on compliance for each major federal and state program and report on internal control over compliance along with findings and questioned costs if any, is included in the single audit section of this report.

1) SCHOOL DISTRICT ORGANIZATION: Located in Middlesex County, the Monroe Township School District receives children from Monroe Township grades Pre K through 12 and Jamesburg Borough for grades 9 through 12. The district provides education to 6,334 students. Regarding Monroe Township, the municipality contains a land area of approximately 41.94 square miles.

An elected 10 member Board of Education including the Jamesburg representative member (The "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the Chief Executive Officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the Chief Financial Officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

2) REPORTING ENTITY: Monroe Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement 14. All funds of the District are included in this report. The Monroe 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 Pre-K through 12. These include regular, vocational and special education. The District completed the 2016-2017 fiscal year with an average daily enrollment of 6,740 students which is 248 students above the previous year's average daily enrollment. The following details the changes in the average daily enrollment of the District over the last ten (10) years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2016 - 17	6,740	3.82%
2015 - 16	6,492	2.50%
2014 - 15	6,334	3.21%
2013 - 14	6,137	1.74%
2012 - 13	6,032	2.81%
2011 - 12	5,867	3.64%
2010 - 11	5,661	2.83%
2009 - 10	5,505	2.30%
2008 - 09	5,381	4.74%
2007 - 08	5,137	4.05%

3) MAJOR INITIATIVES: The Monroe Township Board of Education commits itself to all children by preparing them to reach their full potential and to function in a global society through a preeminent education. The Monroe Public Schools in collaboration with the members of the community shall ensure that all children receive an exemplary education by well-trained committed staff in a safe and orderly environment. Our belief is that all decision are made on the premise that children come first.

The district is experiencing huge growth in our enrollment which challenges our classrooms. The State of NJ has revised the New Jersey Student Learning Standards and we are revising our curriculum to adhere to those standards as well as incorporating College and Career Ready Practices. All classrooms use resources and curriculum to prepare students for statewide assessments as well as prepare students for college and career. Additional offerings include but are not limited to an evolving definition of balanced literacy and readers and writers workshop models, a developing online formative assessment system, and the continuation of a 1:1 iPad learning device environment at our high school. Technology is available and utilized throughout the K-12 classrooms and teachers follow the technology standards to ensure that all students are introduced and have adequate time to practice skills. The Gifted and Talented program for grades K-8 will continue in 2017-2018 which includes after school programs for eligible students as well as the inclusion of the cluster grouping program from grades two through five. The district revised and wrote 40 curricula for courses to align to the new standards. Additionally, the use of formative assessments such as *DRA2*, *MAP*, and *Edmentum* online assessments will allow our teachers to prepare their instruction appropriately to meet the needs of each individual learner. At the high school level, we are focusing efforts to partner with colleges and corporations to bring opportunities to our students. Throughout our district, teachers focus on integration of subject areas through STEM, Science, Technology, Engineering, and Mathematics.

The Monroe Township School District hires new teachers each year primarily due to growing enrollment. We have developed and implemented the mentoring/induction program which provides four tiers of support: 1) All new novice teachers attend a structured four-day New Teacher Orientation and receive instruction in planning, preparation, classroom management, instructional strategies, and district policies; 2) All new novice teachers receive an experienced mentor and all mentors receive formal training on adult learning theory and mentoring techniques; 3) The district staff developers use a coaching model to conduct informal classroom observations and feedback sessions for every new teacher; 4) All new novice teachers participate in a five-day structured professional development program throughout the year that addresses specific concerns related to the first year of teaching. All teachers stay together as a professional learning community cohort for their first three years in the district. We have also incorporated training for all non-certified staff including substitute teachers, paraprofessionals secretaries, and bus drivers.

The district is continuing a major initiative in the form of AVID which stands for Advancement Via Individual Determination. Each word is an integral part of guiding our students towards being ready for a rich college experience if they choose this path in their lives. The program focuses heavily on literacy skills that will enable students to become stronger learners. There are several specific strategies that can be used by all teachers with our students that will be in place throughout the school year. These include the use of Cornell Note-Taking, WICOR (Writing, Inquiry, Collaboration, Organizational, and Reading) strategies, and Costa's levels of questioning (comparable to Bloom's taxonomy of how people learn). The success of the program is based on 11 essentials that need to be implemented for AVID to be successful in a school district. They are as follows:

- i. Students are selected from the middle and would benefit from AVID support to improve their academic records and begin college preparation.
- ii. Student and teacher participation is voluntary.
- iii. The school is committed to full implementation: AVID is scheduled as an academic elective.
- iv. AVID students are enrolled in a rigorous curriculum.
- v. A strong, relevant writing and reading curriculum is a basis for learning in the AVID elective class.
- vi. Inquiry is used as a basis for instruction in the AVID classroom.
- vii. Collaboration is used as a basis for instruction in the AVID classroom.
- viii. Trained tutors regularly facilitate student access to rigorous curriculum using AVID methodologies.
- ix. Program implementation and student progress are monitored through the AVID Data System and results are analyzed to ensure success.
- x. The school or district identifies resources for program costs, supports the Essentials, participates in certification, and commits to AVID staff development.
- xi. Active, interdisciplinary site teams collaborate on issues of access to and success in rigorous college preparatory classes.

We have currently certified at both of our sites as we begin to look at school wide implementation over the next several years at the elementary, middle and high school levels. Our goal is to train all teachers in the AVID strategies as they use best practices to engage and instruct students.

The district is moving forward with its STEAM initiative. Our supervisor of fine and technical arts, in collaboration with the high school teachers, has obtained certification with Project Lead the Way (PLTW), the nation's leading provider of science, technology, engineering, and math (STEM) programs. Through world-class K-12 curriculum, high-quality teacher professional development, and outstanding partnerships, PLTW is helping students develop the skills needed to succeed in the global economy. We are looking to coordinate our curriculum to include STEAM projects throughout the disciplines.

During the 2016-2017 school year, the Monroe Township School District continued its' professional development program for all staff. The program is differentiated to meet the needs of teachers at different career stages. The program included 15 year-long structured courses for our teachers and a strong induction program for our first, second, and third year teachers. Teaching staff with four or more years experience are allowed to develop classroom-based, instructionally focused projects. Project structures include Peer-Coaching, Lesson Study, Action Research, and self-created projects. They complete a summary form at the end of the year to describe what they learned, how it impacted their students, and any changes they plan for the coming school year. Coaching and ongoing professional development for our administrative team is critical towards the successful implementation of the above-mentioned initiatives.

4) FINANCIAL INFORMATION: *Internal Accounting and Budgetary Control*: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is also subject to periodic evaluation by the District management.

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

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 in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

5) DEBT ADMINISTRATION: Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2017 the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

6) FINANCIAL STATUS: The Business Administrator and the Finance Committee continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from Monroe Township. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.

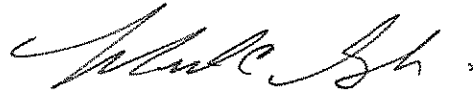
7) INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants. Gerard Stankiewicz CPA, PSA of the firm of Samuel Klein and Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 US *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

8) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Monroe 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. Additionally, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



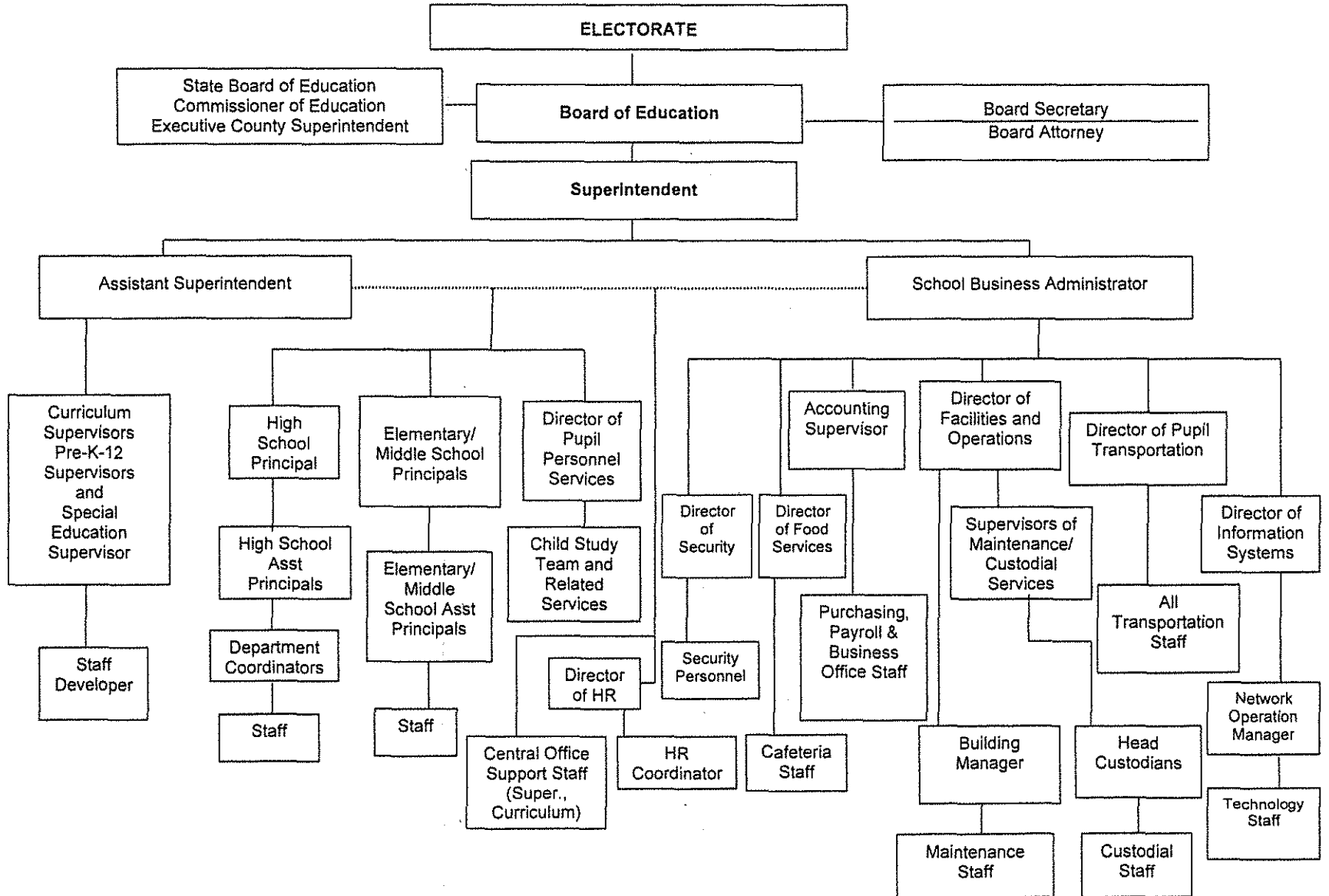
Dr. Michael G. Kozak
Superintendent of Schools



Michael C. Gorski, CPA
Board Secretary/School Business Administrator

**MONROE TOWNSHIP SCHOOL DISTRICT
Administrative Organizational Chart**

**POLICY
1110 Organizational Chart**



BOARD OF EDUCATION
TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY
ROSTER OF OFFICIALS

JUNE 30, 2017

Members of the Board of Education

Term Expires

Mr. Steven Riback, President	2017
Ms. Patricia Lang	2019
Ms. Michele Arminio	2019
Mr. Marvin I. Braverman	2018
Ms. Jill DeMaio	2017
Mr. Ken Chiarella	2019
Ms. Kathy Kolupanowich	2017
Ms. Dawn Quarino	2018
Mr. Frank Russo	2018
Mr. Paul Rutsky (Borough of Jamesburg Representative)	2017

Other Officials

Dr. Michael G. Kozak, Superintendent of Schools
Mr. Michael C. Gorski, CPA, Business Administrator/Board Secretary
Dr. Dori L. Alvich, Assistant Superintendent of Schools
Ms. LuAnn McGraw-Russell, Treasurer of School Monies

BOARD OF EDUCATION
TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY
JUNE 30, 2017

CONSULTANTS AND ADVISORS

Architects

Design Ideas Group
15 Bethany Street
New Brunswick, NJ 08901

Attorney

Mary Smith, In-house Counsel
423 Buckelew Ave
Monroe Township, NJ 08831

Health Benefits

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Radnor, PA 19087

Independent Auditor

Gerard Stankiewicz, CPA, RMA, PSA
of the Firm
Samuel Klein and Company
36 West Main Street, Suite 303
Freehold, NJ 07728-2291

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Iselin, NJ 08830-1001

NJARM

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Princeton, NJ 08540

Property Consultant

Gallagher Bollinger
101 JFK Parkway
Short Hills, NJ 07078-5000

Special Counsel

McCarter and English
Four Gateway Center
100 Mulberry Street
Newark, NJ 07101-0652

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Monroe Township Board of Education
County of Middlesex, New Jersey

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Monroe Township School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2017 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Monroe Township School District, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the 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 Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents 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 Monroe Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The accompanying Combining and Individual Fund Financial Statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are 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. 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 accompanying Combining and Individual Fund Financial Statements and Schedule 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 other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017, on our consideration of the Board of Education of the Monroe Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report solely is to describe the scope of our testing of internal control over the effectiveness on the Monroe Township School District financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Monroe Township School District financial 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 Monroe Township School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 7, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MONROE TOWNSHIP BOARD OF EDUCATION

423 Buckelew Avenue
Monroe Township, NJ 08831
732-521-1500

DR. MICHAEL G. KOZAK
Superintendent
of Schools

MICHAEL C. GORSKI, CPA
Board Secretary/
School Business Administrator

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED

Management's Discussion and Analysis

The discussion and analysis of Monroe Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is 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 (2016-2017) and the prior year (2015-2016) is required to be presented in MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

Overview of Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

Financial Highlights

Key financial highlights for 2016-2017 are as follows:

- The District was awarded \$2,832,178 in General Fund State Aid revenue, which was unchanged from the 2015-2016 award with the exception of \$62,515 for Professional Learning Community Aid and \$403 for Host District Support Aid.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

- On January 25, 2017, the Board President, Ms. Kathy Kolupanowich, in a continued effort to fight for equitable State Aid Funding, formed The Ad Hoc Committee for Fair Funding. This committee is comprised of Community Members, District Administration, and staff, who are tasked with continuing to research the funding formula, meet with local legislators and promote equitable school funding for Monroe.
- District Administration, Board Members, Mayor Gerald Tamburro and residents of Monroe provided testimony at the hearings held on February 2, 2017 before the New Jersey State Senate Select Committee on School Funding Fairness and on February 23, 2017 before the New Jersey Assembly Education Committee on School Funding Fairness. The purpose of their testimony was to educate the legislators of the burden placed on Monroe's taxpayers as a result of the funding inequity experienced in Monroe and to offer recommendations for improvement to the school funding formula.
- The District was notified on July 4, 2017, that pursuant to the announcement of the 2017-2018 State Aid Award and the Board adoption of the 2017-2018 budget, that Monroe was successful in receiving an additional revised State Aid Award of \$458,098, which the Board resolved to use, in full, for tax relief.
- Due to the continually increasing student enrollment, upon the recommendation of the Superintendent of Schools, the Board adopted the following resolution at the public meeting on July 27, 2016:
 - (1) Direct District Administration to proceed with referendum planning regarding the building of a new elementary school and a new middle school on the land, which will be transferred by the Township to the Board and an addition to the high school; and (2) Authorize District Administration to solicit proposals for the proposed referendum project from professionals, including the Board's Architect, Bond Counselor and Financial Advisor for further deliberations and recommendations by the Building & Grounds/Transportation Committee and the Finance Committee and ultimately for deliberation and consideration by the full Board.

Unfortunately, the land located on Church Road, which the Township had offered to transfer to the Board at no cost to the Board, was determined by the Board's professionals and Administration to be unattractive for the above-stated purpose because of its wetland footprint, its location outside of the utility zones, road widths, timeline of transfer, and other reasons. The District then engaged in a land search, which reviewed over twenty properties and ultimately only one was identified as suitable for the construction of a new middle school, which was the most pressing facility need. In June of 2017, the Board President, Ms. Kathy Kolupanowich, solicited the Township to consider procuring and transferring the land to the Board, at no cost to the Board, for reasons of expediency, financial savings to the taxpayers, and most importantly to safeguard the District's interest in this rare property. The Township agreed and introduced a 2.5 million dollar appropriation in their capital budget for said purpose followed by a bond ordinance first reading in June 2017.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

- Although the constrictive tax levy cap has prevented many school districts in the state from budgeting for capital outlay projects within the budget, the District effectively managed to include two significant projects in the 2016-2017 budget. The largest was a Woodland School partial roof replacement project replacing 50,125 square feet of roofing at an estimated cost of \$1,132,000. Additionally, the District budgeted for a Barclay Brook School flooring replacement project and removal of insulation in a pipe tunnel at an estimated cost of \$93,000. Both Barclay Brook projects were identified in the District's AHERA Plan.
- Employee health insurance is one of the largest line items in most school district budgets. Through very aggressive negotiations with insurance carriers, the District was successful in reducing the original proposal from Horizon from a 12.85% premium increase down to a 7.88% premium increase, saving \$993,328 in premiums.
- For the year ended June 30, 2017, Falcon Care and the Early Childhood Enrichment programs had profit of \$473,470 and \$128,476, respectively. The Board's Finance Committee recommended that the Board, when reorganized in January 2018, transfer \$600,000 of these Proprietary Funds' retained earnings to the General Fund for general use to offset anticipated portable classroom trailer costs in the 2018-2019 budget.
- The District is in compliance with S1701 with regard to designated and undesignated reserves.

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 the reader can understand the Monroe Township School District as a financial whole, 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 whole school district, presenting both an aggregate view of the School 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Monroe School District, the General Fund is by far the most significant.

Reporting the School District as a Whole

Comparative Statement of Net Position and Comparative Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

These two statements report the School District's net position and change to those position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

Governmental Activities — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business Type Activities — This service is provided on a charge for goods or services basis to recover all the expenses of the goods and services provided. The Food Service, Falcon Care and Childcare Initiative enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED -- (CONTINUED)

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 31-34 of this report.

Proprietary Funds

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care. The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, unemployment compensation claims and payroll related liabilities. The fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 40-91 of this report.

Other Information

Combining fund statements can be found on pages 31-39 and schedules on pages 92-116 of this report.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The Government-wide financial statements can be found on pages 29-30 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,979,441 at the close of fiscal 2017. The following table provides a summary of net position at June 30, 2017 and 2016 relating to the District's governmental and business-type activities:

Table 1 provides a comparative summary of the School District's net position for 2017 and 2016.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Table 1 – Comparative Summary of Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Assets						
Current and other assets	\$ 15,548,138	\$ 14,508,189	\$ 1,744,165	\$ 1,502,818	\$ 17,292,303	\$ 16,011,007
Capital assets, net	168,655,856	172,253,216	629,911	692,513	169,285,767	172,945,729
Total Assets	\$ 184,203,994	\$ 186,761,405	\$ 2,374,076	\$ 2,195,331	\$ 186,578,070	\$ 188,956,736
Deferred outflows of resources						
Loss on Defeasance of Bonds	8,635,775	9,378,707			8,635,775	9,378,707
Pension	16,033,563	7,835,379			16,033,563	7,835,379
Total Deferred outflows of resources	24,669,338	17,214,086			24,669,338	17,214,086
Liabilities						
Current and other liabilities	3,721,891	3,874,288	230,547	155,747	3,952,438	4,030,035
Net pension liability	49,098,353	36,752,723			49,098,353	36,752,723
Long-term liabilities outstanding	146,217,176	151,230,084			146,217,176	151,230,084
Total Liabilities	199,037,420	191,857,095	230,547	155,747	199,267,967	192,012,842
Deferred inflow of resources						
		590,914			-	590,914
Net Position						
Net investment in capital assets	34,545,055	33,961,616	629,911	692,513	35,174,966	34,654,129
Restricted	977,500	975,000			977,500	975,000
Unrestricted (deficit)	(25,686,643)	(23,409,134)	1,513,618	1,347,071	(24,173,025)	(22,062,063)
Total Net Position	\$ 9,835,912	\$ 11,527,482	\$ 2,143,529	\$ 2,039,584	\$ 11,979,441	\$ 13,567,066

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

The District's combined net position were \$11,979,441 on June 30, 2017. This is a decrease of \$1,587,625, or 11.70% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net decreased from the prior year due to the amount of new additions associated with the District's capital projects being less than the amount of depreciation of capital assets in the current year.

Long-term liabilities decreased due to the scheduled payment of principal on debt.

Restricted net position remained ties mainly due to the net increase in the capital project reserve account of \$2,500.

Unrestricted net position decreased mainly due to the reclassifying of funds to the capital resources in the amount of \$2,110,962. General fund encumbrances at June 30, 2016 totaled \$30,481 as compared with \$94,352 at June 30, 2017.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Table 2 shows the comparative change in net position from fiscal year 2017 and 2016.

Table 2 – Comparative Change in Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 286,090	\$ 189,190	\$ 3,417,281	\$ 3,337,802	\$ 3,703,371	\$ 3,526,992
Operating Grants and Contributions	1,988,940	2,067,915	552,193	538,866	2,541,133	2,606,781
General Revenue:						
Property Taxes	105,643,749	102,172,618			105,643,749	102,172,618
Tuition	3,969,933	3,878,175			3,969,933	3,878,175
Federal and State Aid	33,324,249	24,988,694			33,324,249	24,988,694
Earnings on Investments	51,784	21,857	3,435	1,774	55,219	23,631
Miscellaneous	898,417	389,185			898,417	389,185
Total Revenue	146,163,162	133,707,634	3,972,909	3,878,442	150,136,071	137,586,076
Expenses:						
Instruction	78,404,815	68,445,514			78,404,815	68,445,514
Tuition	2,385,180	2,469,164			2,385,180	2,469,164
Student and Instruction						
Related Services	17,273,932	14,945,065			17,273,932	14,945,065
School Administration	6,624,869	6,107,530			6,624,869	6,107,530
General Administration	5,762,759	5,230,103			5,762,759	5,230,103
Operation and Maintenance						
of Facilities	14,639,232	14,071,658			14,639,232	14,071,658
Pupil Transportation	14,641,857	12,873,146			14,641,857	12,873,146
Interest on Debt	6,469,745	6,612,537			6,469,745	6,612,537
Special Schools	87,244	85,369			87,244	85,369
Charter Schools	98,035	91,530			98,035	91,530
Business Type Actives			3,868,964	3,212,360	3,868,964	3,212,360
Total Expenses	146,387,668	130,931,616	3,868,964	3,212,360	150,256,632	134,143,976
Special and Extraordinary Items, Net	(1,467,064)	(228,638)			(1,467,064)	(228,638)
Change in Net Position	(1,691,570)	2,547,380	103,945	666,082	(1,587,625)	3,213,462
Net Position - beginning	11,527,482	8,980,102	2,039,584	1,373,502	13,567,066	10,353,604
Net Position - ending	\$ 9,835,912	\$ 11,527,482	\$ 2,143,529	\$ 2,039,584	\$ 11,979,441	\$ 13,567,066

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied; to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. These transfers were made between line items as part of the normal process as permitted by State guidelines. These significant revisions include the special education, personnel services and transportation accounts due to increased student classifications, benefits cost increases, volatile petroleum prices and increased fleet. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

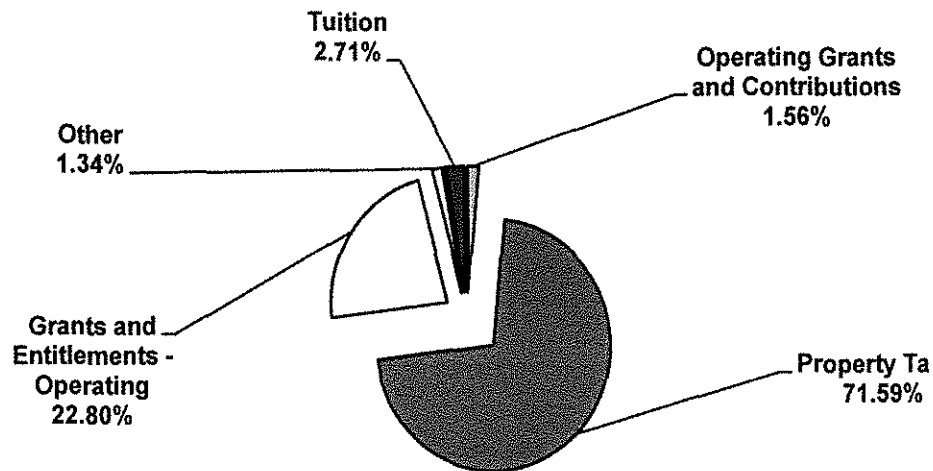
Described on the next few pages are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

Governmental Activities

Revenues for Fiscal Year 2017

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes of \$104,643,749 made up 72.28% of revenue for governmental activities for the Monroe School District for fiscal year 2017. Federal, state and local grants for operating purposes accounted for another \$33,324,249 or 22.80% of revenue.

The District's total revenues were \$146,163,162 for the year ended June 30, 2017.



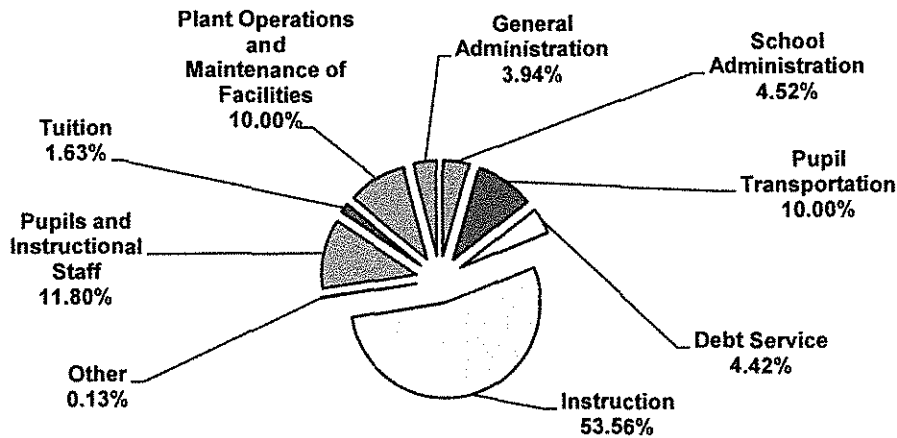
MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Expenses for Fiscal Year 2017

The District's total cost of all programs and services was \$146,387,668 for the year ended June 30, 2017.



Governmental Activities

The Comparative Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3 - Comparative Statement of Activities

	Total Cost of Services *			Net Cost of Services *		
	2016-2017	2015-2016	% Change	2016-2017	2015-2016	% Change
Instruction	\$ 78,404,815	\$ 68,445,514	14.55%	\$ 77,097,355	\$ 67,151,880	14.81%
Support Services:						
Tuition	2,385,180	2,469,164	-3.40%	2,385,180	2,469,164	-3.40%
Pupils and Instructional Staff	17,273,932	14,945,065	15.58%	17,273,932	14,945,065	15.58%
General Administration	5,762,759	5,230,103	10.18%	5,699,725	5,135,564	10.99%
School Administration	6,624,869	6,107,530	8.47%	6,624,869	6,107,530	8.47%
Operation and Maintenance of Facilities	14,639,232	14,071,658	4.03%	14,639,232	14,071,658	4.03%
Pupil Transportation	14,641,857	12,873,146	13.74%	14,355,767	12,683,956	13.18%
Charter School	98,035	91,530	7.11%	98,035	91,530	7.11%
Interest and Fiscal Charges	6,469,745	6,612,537	-2.16%	5,851,299	5,932,795	-1.37%
Other	87,244	85,369	2.20%	87,244	85,369	2.20%
Total Expenses	\$ 146,387,668	\$ 130,931,616	11.80%	\$ 144,112,638	\$ 128,674,511	12.00%

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Tuition relates to expenses related to placing special needs student in out of district private schools.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction 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 operations 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.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to 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 School district.

“Other” includes special and charter schools.

The School 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 \$127,450,550 and expenditures exclusive of capital projects were \$126,763,231.

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 financial management. The following schedules present a comparative summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal years ended June 30, 2017 and June 30, 2016, and the amount of increase and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	2016-2017		2015-2016		Increase/(Decrease) from 2015-2016 to 2016-2017
	Amount	Percent of Total	Amount	Percent of Total	
Local Sources	\$ 110,860,491	86.97%	\$ 106,654,110	87.51%	\$ 4,206,381
State Sources	15,159,211	11.89%	13,756,127	11.29%	1,403,084
Federal Sources	1,440,848	1.13%	1,457,829	1.20%	(16,981)
	<u>\$ 127,460,550</u>	<u>100.00%</u>	<u>\$ 121,868,066</u>	<u>100.00%</u>	<u>\$ 5,592,484</u>

Local revenues increased due to a tax levy increase, an increase in tuition and an increase in miscellaneous revenue.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

State revenue from all sources increased compared with 2016 due to a significant increase in the number of on-behalf post retirement payments.

Federal revenues decreased slightly due to reduction in special education students.

The following schedule presents a comparative summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2017 and June 30, 2016, and the increases and decreases in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>2016-2017</u>		<u>2015-2016</u>		Increase/ (Decrease) from 2015-2016 to 2016-2017
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 44,018,203	34.73%	\$ 42,008,839	34.97%	\$ 2,009,364
Undistributed Expenditures	68,284,420	53.87%	63,289,003	52.69%	4,995,417
Capital Outlay	2,110,441	1.66%	2,713,990	2.26%	(603,549)
Special Schools	49,826	0.04%	53,166	0.04%	(3,340)
Special Revenue	1,370,494	1.08%	1,388,173	1.16%	(17,679)
Charter School	98,035	0.08%	91,530	0.08%	6,505
Debt Service:					
Principal	5,065,000	4.00%	4,795,000	3.99%	270,000
Interest	5,766,812	4.55%	5,772,641	4.81%	(5,829)
	<u>\$ 126,763,231</u>	<u>100.00%</u>	<u>\$ 120,112,342</u>	<u>100.00%</u>	<u>\$ 6,650,889</u>

Expenditures

- The modified budget for regular programs – instruction decreased from the original budget by approximately \$544,000 or 1.72% as a result mostly of a decrease in salaries of teachers.
- The modified budget for tuition increased by \$380,105 or 16.77% as a result of a higher level of out of district placement.
- The modified budget for undistributed – unallocated benefits decreased from the original budget by \$1,421,553 or 6.05% due to a lower level of health care costs.
- The modified budget for undistributed expenditures – transportation increased from the original budget by approximately \$884,370 or 13.36% as a result of additional students in the District.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the actual by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Revenues

- Actual miscellaneous revenue was in excess of the modified budgeted amount by approximately \$140,165 or 0.13% as a result of prior year expenditures refunded, increase in donations and settlements.

Expenditures

- The actual amounts expended regular programs – instruction were less than the final budget by approximately \$506,596 or 1.59% as a result mostly of a lower level of salaries, purchased services and general supplies of expenditures.
- The actual amounts expended for undistributed expenditures in total were less than the final budget by approximately \$3,930,926 or 6.45% as a result of expenditures for the benefits and operating and maintenance being less than expected.
- The actual amount of expended for undistributed expenditures – total operating and maintenance of plant was less than the final budget \$697,412, or 7.96% due to lower than anticipated costs.

Business-Type Activities

Food Service

Revenues for the District's food service program were comprised of charges for services and federal and state reimbursements.

Food service expenses exceeded revenues by \$498,001.

Charges for services were \$2,114,632, or 79.29% of revenue. This represents amounts paid by Patrons for daily food service, as well as special functions.

Federal and state reimbursement for meals, including payments for free and reduced priced lunches was \$391,554 and donated commodities were \$160,639.

Childcare Initiative (ECE)

Revenues for ECE were comprised of charges for services paid by families in Monroe Township.

ECE revenues exceeded expenses by \$128,476.

Charges for services represent \$419,471 or 100% of revenue. This represents amounts paid by families for kindergarten enrichment.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Falcon Care

Falcon Care was created by the Board as a successor program to the MECA, the year of inception of the program is 2015-2016. The District Administration designed and implemented Falcon Care, a before and after school-care program for grades K through 5.

Revenues for Falcon Care were comprised of charges for services paid by Monroe families for before and after school care.

Falcon Care revenues exceeded expenses by \$473,470.

Capital Assets

At the end of the fiscal year 2017, the School District had \$169,285,767 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4 - Capital Assets (Net of Depreciation) at June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>
Land	\$ 368,806	\$ 368,806			\$ 368,806	\$ 368,806
Construction in Progress					-	-
Site and Site Improvements	8,776,071	9,041,646			8,776,071	9,041,646
Building and Building Improvements	153,756,740	156,545,656			153,756,740	156,545,656
Machinery and Equipment	<u>5,754,240</u>	<u>6,297,107</u>	<u>\$ 629,910</u>	<u>\$ 692,513</u>	<u>6,384,150</u>	<u>6,989,620</u>
Total Capital Assets- Net of Depreciations	<u>\$ 168,655,857</u>	<u>\$ 172,253,215</u>	<u>\$ 629,910</u>	<u>\$ 692,513</u>	<u>\$ 169,285,767</u>	<u>\$ 172,945,728</u>

Refer to Notes to Financial Statements (Note 5) for more detailed information.

Overall capital assets (net) decreased by \$3,659,961 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets is due to a slight decrease in depreciation which offset by a lower level of added improvements.

MONROE TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED – (CONTINUED)

Debt Administration

The School District had outstanding debt at June 30th as follows:

	<u>2017</u>	<u>2016</u>
Compensated Absences	\$ 3,470,600	\$ 3,559,380
Capital Leases	3,699,334	2,485,353
Serial Bonds	<u>127,055,000</u>	<u>132,120,000</u>
Totals	<u>\$ 134,224,934</u>	<u>\$ 138,164,733</u>

Refer to Notes to Financial Statements (Note 7) for more detailed information.

For the Future

The Monroe Township School District is presently in good financial condition. The District is very proud and grateful of the community's support for its operations. A major District concern is the continued enrollment growth, which has prompted the deliberative process for a bond referendum. Another significant concern is the insufficient and inequitable State Aid funding which has put a burden on local taxpayers. The District continues to explore every opportunity to operate efficiently without compromising the vast student centered programs and services which are paying great dividends.

Contacting The School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, kindly contact Mr. Michael C. Gorski, CPA, School Business Administrator/Board Secretary, at the Monroe Township School District, 423 Buckelew Avenue, Monroe Township, NJ 08831.

Respectfully submitted,



Dr. Michael G. Kozak
Superintendent of Schools



Michael C. Gorski, CPA
Board Secretary/School Business Administrator

November 7, 2017

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET POSITION
JUNE 30, 2017

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 13,920,868.76	\$ 1,678,145.81	\$ 15,599,014.57
Receivables - Net	649,768.75	34,577.92	684,346.67
Interfund Receivable			
Inventory		31,441.57	31,441.57
Restricted Assets:			
Cash and Cash Equivalents	977,500.00		977,500.00
Capital Assets, Net	<u>168,655,856.50</u>	<u>629,910.42</u>	<u>169,285,766.92</u>
Total Assets	<u>\$ 184,203,994.01</u>	<u>\$ 2,374,075.72</u>	<u>\$ 186,578,069.73</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Loss on Defeasance of Debt	\$ 8,635,774.77		\$ 8,635,774.77
Pension	<u>16,033,563.00</u>		<u>16,033,563.00</u>
	<u>\$ 24,669,337.77</u>		<u>\$ 24,669,337.77</u>
 <u>LIABILITIES</u>			
Accounts Payable	\$ 1,765,861.34	\$ 175,421.98	\$ 1,941,283.32
Accrued Interest on Noncurrent Debt	1,954,039.58		1,954,039.58
Unearned Revenue	1,989.78	55,125.00	57,114.78
Net Pension Liability	49,098,353.00		49,098,353.00
Noncurrent Liabilities:			
Due Within One Year	8,449,245.08		8,449,245.08
Due Beyond One Year	<u>137,767,931.08</u>		<u>137,767,931.08</u>
Total Liabilities	<u>\$ 199,037,419.86</u>	<u>\$ 230,546.98</u>	<u>\$ 199,267,966.84</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 34,545,054.98	\$ 629,910.42	\$ 35,174,965.40
Restricted for:			
Capital	977,500.00		977,500.00
Unrestricted/(Deficit)	<u>(25,686,643.06)</u>	<u>1,513,618.32</u>	<u>(24,173,024.74)</u>
Total Net Position	<u>\$ 9,835,911.92</u>	<u>\$ 2,143,528.74</u>	<u>\$ 11,979,440.66</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 55,060,417.44		\$ 1,307,459.60	\$ (53,752,957.84)		\$ (53,752,957.84)
Special Education	19,041,660.87			(19,041,660.87)		(19,041,660.87)
Other Special Education	1,549,715.77			(1,549,715.77)		(1,549,715.77)
Other Instruction	2,753,020.21			(2,753,020.21)		(2,753,020.21)
Support Services:						
Tuition	2,385,180.18			(2,385,180.18)		(2,385,180.18)
Student and Instruction Related Services	17,273,932.03			(17,273,932.03)		(17,273,932.03)
Other Administrative Services	5,762,759.34		63,034.00	(5,699,725.34)		(5,699,725.34)
School Administrative Services	6,624,869.03			(6,624,869.03)		(6,624,869.03)
Plant Operations and Maintenance	14,639,231.90			(14,639,231.90)		(14,639,231.90)
Pupil Transportation	14,641,857.30	\$ 286,090.51		(14,355,766.79)		(14,355,766.79)
Special Schools	87,244.13			(87,244.13)		(87,244.13)
Charter Schools	98,035.00			(98,035.00)		(98,035.00)
Interest on Noncurrent Debt	6,469,744.68		618,446.00	(5,851,298.68)		(5,851,298.68)
Total Governmental Activities	\$ 146,387,667.88	\$ 286,090.51	\$ 1,988,939.60	\$ (144,112,637.77)		\$ (144,112,637.77)
Business-Type Activities:						
Food Service	\$ 3,164,826.46	\$ 2,114,632.38	\$ 552,192.66		\$ (498,001.42)	\$ (498,001.42)
Child Care Initiative	291,670.00	419,470.50			127,800.50	127,800.50
Falcon Care	412,467.52	883,178.06			470,710.54	470,710.54
Total Business -Type Activities	\$ 3,868,963.98	\$ 3,417,280.94	\$ 552,192.66		\$ 100,509.62	\$ 100,509.62
Total Primary Government	\$ 150,256,631.86	\$ 3,703,371.45	\$ 2,541,132.26	\$ (144,112,637.77)	\$ 100,509.62	\$ (144,012,128.15)

General Revenues

Property Taxes Levied for:

General Purposes	\$ 95,431,684.00		\$ 95,431,684.00
Debt Service	10,212,065.00		10,212,065.00
Tuition Received	3,969,932.99		3,969,932.99
Federal and State Aid Not Restricted	33,324,249.36		33,324,249.36
Investment Earnings	51,783.69	\$ 3,435.12	55,218.81
Miscellaneous Income	898,416.84		898,416.84

Total General Revenues 143,888,131.88 3,435.12 143,891,567.00

Excess/(Deficit) (224,505.89) 103,944.74 (120,561.15)

Special and Extraordinary Items, Net (1,467,064.37) (1,467,064.37)

Change in Net Position \$ (1,691,570.26) \$ 103,944.74 \$ (1,587,625.52)

Net Position - Beginning 11,527,482.18 2,039,584.00 13,567,066.18

Net Position - Ending \$ 9,835,911.92 \$ 2,143,528.74 \$ 11,979,440.66

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 13,665,441.45		\$ 0.70	\$ 255,426.61	\$ 13,920,868.76
Intergovernmental Accounts Receivable	462,428.00	\$ 5,000.00			467,428.00
Other Receivables	111,344.68				111,344.68
Interfunds Receivable	3,183.68			0.70	3,184.38
Other Current Assets	70,996.67				70,996.67
Restricted Cash and Cash Equivalents	<u>977,500.00</u>				<u>977,500.00</u>
Total Assets	\$ <u>15,290,894.48</u>	\$ <u>5,000.00</u>	\$ <u>0.70</u>	\$ <u>255,427.31</u>	\$ <u>15,551,322.49</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Accounts Payable	\$ 219,801.02	\$ 1,816.32			\$ 221,617.34
Interfunds Payable		3,183.68	\$ 0.70		3,184.38
Unearned Revenue	<u>1,989.78</u>				<u>1,989.78</u>
Total Liabilities	<u>221,790.80</u>	\$ <u>5,000.00</u>	<u>0.70</u>		<u>226,791.50</u>
Fund Balances					
Restricted:					
Capital Reserve Account	977,500.00				977,500.00
Debt Service Fund				255,427.31	255,427.31
Excess Surplus	6,044,589.23				6,044,589.23
Excess Surplus - Designated for Subsequent Year's Expenditures	6,134,722.09				6,134,722.09
Assigned for Other Purposes	94,351.73				94,351.73
Unassigned	<u>1,817,940.63</u>				<u>1,817,940.63</u>
Total Fund Balance	\$ <u>15,069,103.68</u>			\$ <u>255,427.31</u>	\$ <u>15,324,530.99</u>
Total Liabilities and Fund Balance	\$ <u>15,290,894.48</u>	\$ <u>5,000.00</u>	\$ <u>0.70</u>	\$ <u>255,427.31</u>	\$ <u>15,551,322.49</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

	<u>Total Governmental Funds</u>
Total Fund Balances above	\$ 15,324,530.99
Amounts reported for <i>governmental activities</i> 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 governmental funds. The cost of capital assets is \$226,477,662.46 and the accumulated depreciation is \$58,190,611.96. (see Note 5)	168,655,856.50
Deferred loss on defeasance of debt, unamortized (See Note 7D)	8,635,774.17
Noncurrent liabilities, including bonds, loans, leases payable and compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7)	
Amount Outstanding	(146,217,176.16)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:	
Accrued Interest Payable	
(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance.)	(1,954,039.58)
Accrued Pension Liability	
(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ended June 30th, 2016, however will be raised in the budget for the fiscal year ending June 30th, 2017)	14,489,319.00
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (see Note 9)	<u>(49,098,353.00)</u>
Net position of governmental activities (A-1)	<u>\$ 9,835,911.92</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Government</u> <u>Funds</u>
<u>REVENUES</u>					
Local sources:					
Local tax levy	\$ 95,431,684.00			\$ 10,212,065.00	\$ 105,643,749.00
Tuition	3,969,932.99				3,969,932.99
Transportation Fees	286,090.51				286,090.51
Interest earned	2,500.00		\$ 0.70		2,500.70
Miscellaneous	947,699.83	\$ 10,517.60			958,217.43
Total - Local Sources	100,637,907.33	10,517.60	0.70	10,212,065.00	110,860,490.63
State Sources	14,540,765.61			618,446.00	15,159,211.61
Federal Sources	80,871.75	\$ 1,359,976.00			1,440,847.75
Total Revenues	\$ 115,259,544.69	\$ 1,370,493.60	\$ 0.70	\$ 10,830,511.00	\$ 127,460,549.99
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	\$ 30,686,080.50	\$ 1,307,459.60			\$ 31,993,540.10
Special Education Instruction	10,874,805.38				10,874,805.38
Other Special Instruction	885,051.86				885,051.86
Other Instruction	1,572,266.16				1,572,266.16
Support Services and Undistributed Costs:					
Tuition	2,385,180.18				2,385,180.18
Student and Instruction Related Services	9,865,244.96				9,865,244.96
Other Administrative Services	3,242,936.89	63,034.00			3,305,970.89
School Administrative Services	3,783,501.97				3,783,501.97
Plant Operations and Maintenance	8,360,552.10				8,360,552.10
Pupil Transportation	8,570,579.73				8,570,579.73
Debt Service:					
Principal				\$ 5,065,000.00	5,065,000.00
Interest				5,766,812.50	5,766,812.50
Capital Outlay	2,110,440.83				2,110,440.83
Special Schools	49,825.64				49,825.64
Transfer to Charter Schools	98,035.00				98,035.00
Employee Benefits	32,076,423.63				32,076,423.63
Total Expenditures	\$ 114,560,924.83	\$ 1,370,493.60		\$ 10,831,812.50	\$ 126,763,230.93
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	\$ 698,619.86		\$ 0.70	\$ (1,301.50)	\$ 697,319.06
Other Financing Sources/(Uses):					
Transfer In/(Out)			(0.70)	0.70	
Capital Leases (non-budgeted)	489,468.91				\$ 489,468.91
Total Other Financing Sources (Uses)	\$ 489,468.91		\$ (0.70)	\$ 0.70	\$ 489,468.91
Net Change in Fund Balance	1,188,088.77			(1,300.80)	1,186,787.97
Fund Balance - July 1	13,881,014.91			256,728.11	14,137,743.02
Fund Balance - June 30	\$ 15,069,103.68			\$ 255,427.31	\$ 15,324,530.99

See accompanying notes to financial statements

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	1,186,787.97
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlay	\$	2,110,440.83
Depreciation expense		(5,714,795.38)
Other		6,995.00
		(3,597,359.55)
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases noncurrent liabilities in the statement of net position.		
Capital leases, current year		(1,963,528.28)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position and is not reported in the statement of activities.		
		5,065,000.00
Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces noncurrent debt in the statement of net position and is not reported in the statement of activities.		
		749,547.61
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.		
Amortization of premium		1,073,109.87
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.		
Amortization of deferred loss		(742,932.77)
In the statement of activities, interest on noncurrent debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is an addition in the reconciliation.		
		77,063.75
Net pension obligation related to PERS which is attributable to June 30, 2016 (<i>the measurement date</i>) not reported in governmental funds; however, it is reported in the statement of activities		
		(3,628,038.00)
In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		88,779.14
Change in Net Position of Governmental Activities (A-2)	\$	(1,691,570.26)

See accompanying notes to financial statements

PROPRIETARY FUNDS

**BOARD OF EDUCATION
MONROE TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Business-Type Activities Enterprise Fund			Total Enterprise
	Food Service	Early Childhood Enrichment	Falcon Care	
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 674,875.09	\$ 103,935.82	\$ 899,334.90	\$ 1,678,145.81
Accounts Receivable:				
State Sources	1,337.64			1,337.64
Federal Sources	22,484.34			22,484.34
Other	10,755.94			10,755.94
Inventories	31,441.57			31,441.57
Total Current Assets	<u>\$ 740,894.58</u>	<u>\$ 103,935.82</u>	<u>\$ 899,334.90</u>	<u>\$ 1,744,165.30</u>
Noncurrent Assets:				
Furniture, Machinery and Equipment	\$ 1,661,930.21	\$ 80,716.38		\$ 1,742,646.59
Less: Accumulated Depreciation	<u>1,076,413.57</u>	<u>36,322.60</u>		<u>1,112,736.17</u>
Total Noncurrent Assets	<u>\$ 585,516.64</u>	<u>44,393.78</u>		<u>\$ 629,910.42</u>
Total Assets	<u>\$ 1,326,411.22</u>	<u>\$ 148,329.60</u>	<u>\$ 899,334.90</u>	<u>\$ 2,374,075.72</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 175,421.98			\$ 175,421.98
Unearned Revenue		<u>\$ 42,235.00</u>	<u>\$ 12,890.00</u>	<u>55,125.00</u>
Total Current Liabilities	<u>175,421.98</u>	<u>42,235.00</u>	<u>\$ 12,890.00</u>	<u>\$ 230,546.98</u>
<u>NET POSITION</u>				
Invested in Capital Assets	\$ 585,516.64	\$ 44,393.78		\$ 629,910.42
Unrestricted	<u>565,472.60</u>	<u>61,700.82</u>	<u>\$ 886,444.90</u>	<u>1,513,618.32</u>
Total Net Position	<u>\$ 1,150,989.24</u>	<u>106,094.60</u>	<u>\$ 886,444.90</u>	<u>\$ 2,143,528.74</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
MONROE TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Fund			Total Enterprise
	Food Service	Early Childhood Enrichment	Falcon Care	
<u>OPERATING REVENUES</u>				
Local Sources:				
Service Fees		\$ 419,470.50	\$ 883,178.06	\$ 1,302,648.56
Daily sales - reimbursable programs:				
School lunch and milk program	\$ 1,160,301.99			1,160,301.99
Daily sales - non-reimbursable programs	875,315.54			875,315.54
Special functions	79,014.85			79,014.85
Total operating revenues	<u>\$ 2,114,632.38</u>	<u>\$ 419,470.50</u>	<u>883,178.06</u>	<u>\$ 3,417,280.94</u>
<u>OPERATING EXPENSES</u>				
Cost of Sales - reimbursable programs	\$ 693,883.65			\$ 693,883.65
Cost of Sales - non-reimbursable programs	393,743.01			393,743.01
Salaries	1,087,387.24	\$ 183,261.24	\$ 340,847.63	1,611,496.11
Employee benefits	316,708.98	63,086.17	34,330.76	414,125.91
Insurance	11,614.21			11,614.21
General Supplies	493,417.87	37,250.91	37,289.13	567,957.91
Management fee	20,463.40			20,463.40
Administrative Fee	20,463.40			20,463.40
Purchased Property Services	11,371.24			11,371.24
Depreciation	93,115.42	8,071.68		101,187.10
Other Purchased Professional Services	2,990.00			2,990.00
Purchased Professional and Technical Services	19,668.04			19,668.04
Total operating expenses	<u>\$ 3,164,826.46</u>	<u>\$ 291,670.00</u>	<u>412,467.52</u>	<u>\$ 3,868,963.98</u>
Operating income/(loss)	<u>\$ (1,050,194.08)</u>	<u>\$ 127,800.50</u>	<u>470,710.54</u>	<u>\$ (451,683.04)</u>
<u>NONOPERATING REVENUES</u>				
Interest Earnings		\$ 675.47	\$ 2,759.65	\$ 3,435.12
State sources:				
State school lunch program	\$ 21,927.82			21,927.82
Federal sources:				
National school lunch program	368,212.88			368,212.88
Special milk program	1,412.99			1,412.99
Food Distribution Program	160,638.97			160,638.97
Total nonoperating revenues	<u>\$ 552,192.66</u>	<u>\$ 675.47</u>	<u>\$ 2,759.65</u>	<u>\$ 555,627.78</u>
Income/(loss) before contributions and transfers	\$ (498,001.42)	\$ 128,475.97	\$ 473,470.19	\$ 103,944.74
Change in net position	\$ (498,001.42)	\$ 128,475.97	\$ 473,470.19	\$ 103,944.74
Total net position - beginning	<u>1,648,990.66</u>	<u>(22,381.37)</u>	<u>412,974.71</u>	<u>2,039,584.00</u>
Total net position - ending	<u>\$ 1,150,989.24</u>	<u>\$ 106,094.60</u>	<u>\$ 886,444.90</u>	<u>\$ 2,143,528.74</u>

See accompanying notes to financial statements

BOARD OF EDUCATION
MONROE TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities			Total Enterprise
	Enterprise Fund			
	Food Service	Early Childhood Enrichment	Falcon Care	
<u>Cash Flows from Operating Activities</u>				
Receipts from Customers	\$ 2,128,236.97	\$ 461,705.50	\$ 896,068.06	\$ 3,486,010.53
Payments to Employees	(1,087,387.24)	(183,261.24)	(340,847.63)	(1,611,496.11)
Payments for Employee Benefits	(316,708.98)	(63,086.17)	(34,330.76)	(414,125.91)
Payments to Suppliers	(1,439,959.76)	(37,830.91)	(38,427.43)	(1,516,218.10)
Payments for Management Fee & Administrative Fee	(40,926.80)			(40,926.80)
Net Cash Provided by/(Used for) Operating Activities	\$ (756,745.81)	\$ 177,527.18	\$ 482,462.24	\$ (96,756.39)
<u>Cash Flows from Noncapital Financing Activities</u>				
State Sources	\$ 21,852.47			\$ 21,852.47
Federal Sources	528,040.25			528,040.25
Operating Transfers to Other Funds - Interfunds		\$ (154,029.11)		(154,029.11)
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ 549,892.72	\$ (154,029.11)	\$	\$ 395,863.61
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Purchase of Capital Assets	\$ (38,584.63)			(38,584.63)
<u>Cash Flows from Investing Activities:</u>				
Interest Income		\$ 675.47	\$ 2,759.65	\$ 3,435.12
Net Cash Provided by/(Used for) Investing Activities		\$ 675.47	\$ 2,759.65	\$ 3,435.12
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (245,437.72)	\$ 24,173.54	\$ 485,221.89	\$ 263,957.71
Balances - Beginning of Year	920,312.81	79,762.28	414,113.01	1,414,188.10
Balances - End of Year	\$ 674,875.09	\$ 103,935.82	\$ 899,334.90	\$ 1,678,145.81
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities				
Operating Gain/(Loss)	\$ (1,050,194.08)	\$ 127,800.50	470,710.54	\$ (451,683.04)
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:				
Depreciation	\$ 93,115.42	\$ 8,071.68		\$ 101,187.10
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	13,604.59			13,604.59
(Increase)/Decrease in Inventories	11,306.28			11,306.28
Increase/(Decrease) in Unearned Revenue		42,235.00	\$ 12,890.00	55,125.00
Increase/(Decrease) in Accounts Payable	175,421.98	(580.00)	(1,138.30)	173,703.68
Total Adjustments	\$ 293,448.27	\$ 49,726.68	\$ 11,751.70	\$ 354,926.65
Net Cash Provided/(Used) by Operating Activities	\$ (756,745.81)	\$ 177,527.18	\$ 482,462.24	\$ (96,756.39)

See accompanying notes to financial statements

FIDUCIARY FUNDS

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Trust				Total	Agency Fund
	Family Leave Insurance	Unemployment Compensation	Private Purpose	IPAD Insurance Fund		
ASSETS						
Cash and Cash Equivalents	\$ 13,387.24	\$ 117,822.84	\$ 16,290.07	\$ 282,109.65	\$ 429,609.80	\$ 472,731.74
Interfund - Payroll Agency	0.43	48,583.48			48,583.91	
Accounts receivable - other		31,329.34			31,329.34	
Total Assets	\$ 13,387.67	\$ 197,735.66	\$ 16,290.07	\$ 282,109.65	\$ 509,523.05	\$ 472,731.74
LIABILITIES						
Accounts Payable		\$ 10,872.72	\$ 5,630.07	\$ 1,194.84	\$ 17,697.63	
Unearned Revenue				42,185.00	42,185.00	
Payroll Deductions and Withholdings						\$ 421,048.71
Interfund Payable - FLI						0.43
Interfund Payable: Unemployment						48,583.48
General						3,099.12
Total Liabilities		\$ 10,872.72	\$ 5,630.07	\$ 43,379.84	\$ 59,882.63	\$ 472,731.74
NET POSITION						
Reserved	\$ 13,387.67	\$ 186,862.94	\$ 10,660.00	\$ 238,729.81	\$ 449,640.42	
Total Net Position	\$ 13,387.67	\$ 186,862.94	\$ 10,660.00	\$ 238,729.81	\$ 449,640.42	

See accompanying notes to financial statements

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Trust				Total
	Family Leave Insurance	Unemployment Compensation	Private Purpose	IPAD Insurance Fund	
ADDITIONS					
Contributions:					
Plan Members	\$ 0.43	\$ 102,978.75			\$ 102,979.18
Other				\$ 88,506.34	88,506.34
Total Contributions	0.43	102,978.75		88,506.34	191,485.52
Total Additions	\$ 0.43	\$ 102,978.75		\$ 88,506.34	\$ 191,485.52
DEDUCTIONS					
Quarterly Contribution Reports		\$ 49,625.07			\$ 49,625.07
Expenditures				\$ 12,728.87	12,728.87
Other		280.37			280.37
Total Deductions		\$ 49,905.44		\$ 12,728.87	\$ 62,634.31
Change in Net Position	\$ 0.43	\$ 53,073.31		\$ 75,777.47	\$ 128,851.21
Net Position - Beginning of the Year	13,387.24	133,789.63	\$ 10,660.00	162,952.34	320,789.21
Net Position - End of the Year	\$ 13,387.67	\$ 186,862.94	\$ 10,660.00	\$ 238,729.81	\$ 449,640.42

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Monroe Township School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of ten (10) members, nine (9) from the Township of Monroe are elected to three (3) year staggered terms and one (1) is appointed to an annual term from the Borough of Jamesburg (sending district). The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2017 of 6,649 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure 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 District, this includes general operations, food service, childcare initiative and student related activities of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund consists of the following:

Food Service – This fund provides for the cafeteria operation in all schools within the school district.

Childcare Initiative – This fund provides for the Early Childhood Enrichment (ECE) program for students who are registered in the Monroe School District Kindergarten half-day classes; the childcare is for the first or second half of a child's day.

Falcon Care – This fund provides a before and after school-care program for grades K through 5.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statement of net position. Their reported fund equity (net total position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

3. Fiduciary Funds

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Private Purpose Scholarship Funds

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund, Family Leave Insurance Fund, Scholarship Funds and iPad Insurance Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

Agency Funds – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and change in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

2. Fund Financial Statements (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net total position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are approved by the District, submitted to the County office for review and approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.).

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 the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

The following presents a reconciliation of the General Fund revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Change in Fund Balance - All Governmental Fund Types.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 115,264,109.69	\$ 1,370,493.60
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
June 30, 2016	None	None
June 30, 2017	None	None
State aid payment recognized per GAAP standards in the current year previously recognized for budgetary purposes.	233,909.00	None
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(238,474.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 115,259,544.69</u>	<u>\$ 1,370,493.60</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 114,560,924.83	\$ 1,370,493.60
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 supplies are received for financial reporting purposes.		
June 30, 2016	None	None
June 30, 2017	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 114,560,924.83</u>	<u>\$ 1,370,493.60</u>

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

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

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

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

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

5. Tuition Payable

Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Short-Term Interfund Receivables/Payables

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

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	6-8 years
Office and Computer Equipment	5-20 years
Instructional Equipment	5-15 years
Grounds Equipment	5-15 years
Food Service Equipment	7-20 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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. In addition to liabilities, the statement of net 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

9. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Compensated Absences (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

10. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

11. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. (Refer to Note 7D)

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

12. Net Position

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

13. Unearned Revenue

Unearned revenue in all funds represents program revenues that have been received but not yet earned. In the case of Food Service Fund, it is unused food distribution and student deposits for purchasing food in a future period.

14. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

15. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

16. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund includes the Food Service charges to customers for sales of food service and for the Childcare Initiative and Falcon Care service fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

17. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the capital projects fund. The liability, if any, is recorded as an accrued arbitrage rebate.

18. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

19. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

20. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, pension and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified and allocated by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses."

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

21. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

22. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

23. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

H. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- GASB Statement No. 75. *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District has yet determined the impact of this Statement on its financial statements.

- GASB Statement No. 82. *Pension Issues – an amendment of GASB Statements No. 67, No. 38 and No. 73*. 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District does not expect this Statement to impact its financial statements.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- **GASB Statement No. 83. *Certain Asset Retirement Obligations.*** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- **GASB Statement No. 84. *Fiduciary Activities.*** This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements

- **GASB Statement No. 85. Omnibus 2017.** This objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- **GASB Statement No. 86. *Certain Debt Extinguishment Issues.*** The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2017 through November 7, 2017, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

A. Deposits

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

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

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

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

As of June 30, 2017, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
New Jersey Cash Management Fund - NJCMF	\$ <u>7,025,660.00</u>
	\$ <u>7,025,660.00</u>
Reconciliation by Fund:	
Governmental	\$ 17,055,294.78
Proprietary	1,678,145.81
Fiduciary	<u>1,359,445.14</u>
	\$ <u>20,092,885.73</u>

Of the total amount deposits of \$977,500.00 has been earmarked towards the Capital Reserve Account. Refer to Notes to Financial Statements Note 15.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2017, the District had \$7,025,660.00 on deposit with the New Jersey Cash Management Fund.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Allocation of Cash and Cash Equivalents

Unrestricted	\$	17,755,940.59
Restricted		977,500.00
Fiduciary		<u>1,359,445.14</u>
	\$	<u><u>20,092,885.73</u></u>

Risk Analysis – The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage ("GUDPA") as of June 30, 2017 which minimizes credit risk.

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

There were no securities held by the District as of June 30, 2017 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Intergovernmental accounts receivable at June 30, 2017 consisted of federal source, state source, transportation, tuition and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	<u>Governmental Fund Financial Statements</u>	<u>Business Type Activities</u>
General Fund:		
Intergovernmental:		
State Aid:		
Extraordinary Aid	\$ 412,558.00	
Non-Public Transportation - Cost Reimbursement	<u>49,870.00</u>	
	<u>\$ 462,428.00</u>	
Other Receivables:		
Tuition - Borough of Jamesburg	\$ 61,521.30	
Tuition from Individuals	50.00	
Transportation - Borough of Jamesburg	38,414.79	
Use of Building - Various	<u>11,358.59</u>	
	<u>\$ 111,344.68</u>	
Other Current Assets:		
Preliminary Project Costs	<u>\$ 70,996.87</u>	
Proprietary Fund:		
Enterprise Fund - Food Service		
State Source		<u>\$ 1,337.64</u>
Federal Source		
Lunch		\$ 22,375.56
Special Milk		<u>108.78</u>
		<u>\$ 22,484.34</u>
Other Source		<u>\$ 10,755.94</u>

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

5. CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 368,806.00			\$ 368,806.00
Total capital assets not being depreciated	<u>368,806.00</u>			<u>368,806.00</u>
Capital assets being depreciated:				
Site and Site Improvements	13,790,514.98	\$ 374,256.25		14,164,771.23
Building and Building Improvements	192,599,787.19	1,218,848.78		193,818,635.97
Machinery and Equipment	<u>18,095,271.46</u>	<u>524,330.80</u>	\$ (125,347.00)	<u>18,494,255.26</u>
Total at historical cost	<u>224,485,573.63</u>	<u>2,117,435.83</u>	<u>(125,347.00)</u>	<u>226,477,662.46</u>
Less accumulated depreciation for:				
Site and Site Improvements	(4,748,869.11)	(639,831.58)		(5,388,700.69)
Building and Building Improvements	(36,054,130.93)	(4,007,764.59)		(40,061,895.52)
Machinery and Equipment	<u>(11,798,163.54)</u>	<u>(1,067,199.21)</u>	125,347.00	<u>(12,740,015.75)</u>
Total accumulated depreciation	<u>(52,601,163.58)</u>	<u>(5,714,795.38)</u>	<u>125,347.00</u>	<u>(58,190,611.96)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>171,884,410.05</u>	<u>(3,597,359.55)</u>		<u>168,287,050.50</u>
Governmental activities capital assets, net	<u>\$ 172,253,216.05</u>	<u>\$ (3,597,359.55)</u>		<u>\$ 168,655,856.50</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 1,705,661.96	\$ 38,584.63	\$ (1,600.00)	\$ 1,742,646.59
Totals at historical cost	<u>1,705,661.96</u>	<u>38,584.63</u>	<u>(1,600.00)</u>	<u>1,742,646.59</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>(1,013,149.06)</u>	<u>(101,187.11)</u>	1,600.00	<u>(1,112,736.17)</u>
Total accumulated depreciation	<u>(1,013,149.06)</u>	<u>(101,187.11)</u>	<u>1,600.00</u>	<u>(1,112,736.17)</u>
Business type activities capital assets, net	<u>\$ 692,512.90</u>	<u>\$ (62,602.48)</u>		<u>\$ 629,910.42</u>
<u>Governmental Activities:</u>				
Detail of Additions and (Retirement)/Transfers:				
General Fund		\$ 2,110,440.83		
Other		<u>6,995.00</u>		
		<u>\$ 2,117,435.83</u>		
<u>Business-Type Activities:</u>				
Detail of Additions and (Retirement)/Transfers:				
Food Services		<u>\$ 38,584.63</u>		

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

5. CAPITAL ASSETS, NET (CONTINUED)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,306,755.58
Special Education Instruction	784,080.72
Other Special Instruction	63,812.83
Other Instruction	113,361.44
Support Services and Undistributed Cost:	
Student and Instruction Related Services	711,290.74
School Administrative Services	238,362.71
Other Administrative Services	272,793.01
Plant Operations and Maintenance	602,801.38
Pupil Transportation	617,944.51
Special Schools	<u>3,592.46</u>
Total	\$ <u>5,714,795.38</u>

6. INVENTORY

The value of Federal donated commodities as reflected on Schedule A of \$160,638.97 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2017, the federal donated commodities food inventory of \$14,564.98 was included in the year end food and supplies amount of \$31,441.57.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT

During the fiscal year ended June 30, 2017 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year	Noncurrent Portion
<u>Governmental Activities:</u>						
Bonds Payable -						
General						
Obligation Debt	\$ 132,120,000.00		\$ (5,065,000.00)	\$ 127,055,000.00	\$ 5,630,000.00	\$ 121,425,000.00
Add - Premium on Sale of Bonds	<u>13,065,352.05</u>		<u>(1,073,109.87)</u>	<u>11,992,242.18</u>	<u>1,073,109.87</u>	<u>10,919,132.31</u>
	145,185,352.05		(6,138,109.87)	139,047,242.18	6,703,109.87	132,344,132.31
Capital Leases	<u>2,485,352.84</u>	<u>\$ 1,963,528.28</u>	<u>(749,547.61)</u>	<u>3,699,333.51</u>	<u>1,052,015.12</u>	<u>2,647,318.39</u>
	147,670,704.89	1,963,528.28	(6,887,657.48)	142,746,575.69	7,755,124.99	134,991,450.70
Compensated Absences Payable	<u>3,559,379.61</u>		<u>(88,779.14)</u>	<u>3,470,600.47</u>	<u>694,120.09</u>	<u>2,776,480.38</u>
	<u>\$ 151,230,084.50</u>	<u>\$ 1,963,528.28</u>	<u>\$ (6,976,436.62)</u>	<u>\$ 146,217,176.16</u>	<u>\$ 8,449,245.08</u>	<u>\$ 137,767,931.08</u>

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

A. Bonds and loans payable currently outstanding are summarized as follows:

School District Bonds, Series 2008

Acquisition of Land and Construction of a New High School (supplemental appropriation to the Series 2004 Bonds) authorized and issued in the amount of \$41,900,000.00 dated March 1, 2008. The Bonds maturing on March 1, 2019 through 2038 in the amount of \$39,525,000.00 were refunded in conjunction with other series bonds by the issuance of School District Refunding Bonds, Series 2015. Annual remaining maturity is \$700,000.00 due on March 1, 2018 at an interest rate of 4.75%.

\$ 700,000.00

Redemption: The bonds are not subject to redemption prior to maturity.

School District Refunding Bonds, Series 2011

The purpose of the Bonds was to currently refund all of the outstanding callable principal amount of the originally issued \$28,740,000.00 School District Bonds, Series 2002 of the Board dated September 1, 2002 and maturing on September 15 in the years 2012 through and including 2019, inclusive, in the total principal amount of \$19,645,000.00 on September 15, 2011 at par plus any unpaid accrued interest to the redemption date and pay the costs of issuance with respect to the authorized and issued bonds in the amount of \$18,535,000.00. The net proceeds included a premium of \$1,713,464.00 which was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2002 Series Bonds, included in the refunding. Annual remaining maturities of 2011 Series Bonds range from \$1,415,000.00 to \$2,720,000.00 with final maturity on September 15, 2019 and interest rates on remaining maturities ranging from 4.5% to 5.0%.

\$ 5,575,000.00

Redemption: The bonds are not subject to redemption prior to maturity.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

A. Bonds and loans payable currently outstanding are summarized as follows: (Continued)

School District Refunding Bonds, Series 2012

The purpose of the Bonds is to advance refund all of the outstanding callable principal amount of the originally issued \$67,699,000.00 School District Bonds, Series 2004 of the Board dated February 15, 2004 and maturing on August 1 in the years 2015 through 2028, both inclusive, in the total principal amount of \$62,849,000.00 on August 1, 2014 at par plus any unpaid accrued interest to the redemption date and pay the cost of issuance with respect to the authorized and issued bonds in the amount of \$62,175,000.00. The net proceeds which included a premium of \$7,212,313.90 which was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2004 Series Bonds, which were included in the refunding. Annual maturities of Series 2012 Bonds range from \$2,035,000.00 to \$6,175,000.00 with final maturity on August 1, 2028 and interest rates on the remaining maturities ranging from 3.25% to 5.00%.

\$ 58,435,000.00

Redemption: The Bonds maturing prior to August 1, 2023 are not subject to optional redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2023 are redeemable at the option of the Board in whole or in part at any time, and if in part, in such order of maturity as directed by the Board and by lot within a maturity if less than all of the Bonds of such maturity are to be redeemed, on August 1, 2022 or on any date thereafter, upon notice as described in "Notice of Redemption" herein. The Bonds subject to redemption shall be redeemed at 100% of the principal amount thereof (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

A. Bonds and loans payable currently outstanding are summarized as follows: (Continued)

School District Refunding Bonds, Series 2015

The purpose of the Bonds is to advance refund all of the outstanding callable principal originally issued \$26,800,000.00 School District Bonds, Series 2006 of the Board dated April 1, 2006 and maturing on April 1 in the years 2017 through 2036, both inclusive in the total principal amount of \$25,750,000.00, on April 1, 2016 at par plus any unpaid accrued interest to the 2006 redemption date, advance refund all of the outstanding callable principal amount of the originally issued \$41,900,000.00 School District Bonds, Series 2008 of the Board dated March 4, 2008 and maturing on March 1 in the years 2019 through 2038, both inclusive in the total principal amount of \$39,525,000.00 on March 1, 2018 at par plus any unpaid accrued interest to the 2008 redemption date; and pay the costs of issuance with respect to the Bonds. The net proceeds which included a premium of \$8,355,301.00 along with \$587,093.78 of District funds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 and 2008 Series Bonds, which were included in the refunding. Annual maturities of 2015 Series Bonds range from \$175,000.00 to \$5,205,000.00 with final maturity on March 1, 2038 and interest rates ranging from 2.00% to 5.00%.

\$ 62,345,000.00

Redemption:

Optional Redemption - the Bonds maturing prior to March 1, 2026 are not subject to optional redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2026 are redeemable at the option of the Board in whole or in part at any time, and if in part, in such order of maturity as directed by the Board and by lot within a maturity if less than all of the Bonds of such maturity are to be redeemed, on March 1, 2025 or on any date thereafter, upon notice as described in "Notice of Redemption". The Bonds subject to redemption shall be redeemed at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

A. Bonds and loans payable currently outstanding are summarized as follows: (Continued)

School District Refunding Bonds, Series 2015 (Continued)

Mandatory Sinking Fund Redemption - The Bonds maturing on March 1, 2038 are subject to mandatory sinking fund redemption prior to maturity on March 1 in the years and in the amounts shown below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
2036	\$5,205,000.00
2037	\$2,940,000.00
2038	\$3,075,000.00

\$ 127,055,000.00

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

B. Debt Service Requirements

Debt service requirements on serial bonds payable at June 30, 2017 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	5,630,000.00	5,528,362.50	11,158,362.50
2019	6,120,000.00	5,277,212.50	11,397,212.50
2020	6,590,000.00	5,018,075.00	11,608,075.00
2021	5,940,000.00	4,766,737.50	10,706,737.50
2022	6,255,000.00	4,515,587.50	10,770,587.50
	<u>30,535,000.00</u>	<u>25,105,975.00</u>	<u>55,640,975.00</u>
2023	6,865,000.00	4,245,937.50	11,110,937.50
2024	7,525,000.00	3,947,737.50	11,472,737.50
2025	8,050,000.00	3,618,437.50	11,668,437.50
2026	8,460,000.00	3,236,212.50	11,696,212.50
2027	8,925,000.00	2,805,587.50	11,730,587.50
	<u>39,825,000.00</u>	<u>17,853,912.50</u>	<u>57,678,912.50</u>
2028	9,455,000.00	2,406,993.75	11,861,993.75
2029	9,550,000.00	1,988,525.00	11,538,525.00
2030	3,615,000.00	1,732,850.00	5,347,850.00
2031	3,975,000.00	1,588,250.00	5,563,250.00
2032	4,395,000.00	1,429,250.00	5,824,250.00
	<u>30,990,000.00</u>	<u>9,145,868.75</u>	<u>40,135,868.75</u>
2033	4,610,000.00	1,209,500.00	5,819,500.00
2034	4,825,000.00	979,000.00	5,804,000.00
2035	5,050,000.00	737,750.00	5,787,750.00
2036	5,205,000.00	561,000.00	5,766,000.00
2037	2,940,000.00	300,750.00	3,240,750.00
	<u>22,630,000.00</u>	<u>3,788,000.00</u>	<u>26,418,000.00</u>
2038	3,075,000.00	153,750.00	3,228,750.00
	<u>\$ 127,055,000.00</u>	<u>\$ 56,047,506.25</u>	<u>\$ 183,102,506.25</u>

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

C. Bonds and Notes Authorized But Not Issued

There were no Bonds and Notes Authorized but not Issued as of June 30, 2017.

D. Defeasance

Loss on Defeasance

As a result of the accounting requirement in accordance with GASB #23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in an accounting losses which will be amortized as a part of interest expense over the remaining life of the respective bond issued using the "straight line method".

The detail of the loss on defeasance for the District is as follows:

Unamortized Loss on Defeasance

<u>Refunding Bonds Series</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Decreased by Amortization</u>	<u>Ending Balance</u>
2011	\$ 499,802.00	\$ 193,802.49	\$ 51,680.67	\$ 142,121.82
2012	6,219,954.54	3,998,542.20	444,282.47	3,554,259.73
2015	5,680,301.15	<u>5,186,362.25</u>	<u>246,969.63</u>	<u>4,939,392.62</u>
		<u>\$ 9,378,706.94</u>	<u>\$ 742,932.77</u>	<u>\$ 8,635,774.17</u>

E. Other

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. The requirement effective for the fiscal year ended June 30, 2015 has been complied with.

Bonds are authorized in accordance with State law by the voters of the Municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

F. Capital Lease Obligations Payable

Lease/Purchase Agreements – Equipment and Vehicles

The District is leasing school buses, equipment and copiers totaling \$5,504,068.62 under capital leases. All capital leases are for terms of four to five years. However, the Board of Education received money from the Monroe Township for a Tennis Court Restoration. A lease payment schedule was not provided but the associated \$300,000.00 is in the total of lease/purchase agreements and also in the additions to the Noncurrent (Long-Term) Debt Capital Leases in Note 7. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Equipment</u>
2018	\$ 1,052,015.12
2019	984,518.11
2020	711,410.95
2021	480,669.84
2022	<u>288,453.02</u>
Total Minimum Lease Payment	\$ 3,517,067.04
Add: Tennis Court Restoration	300,000.00
Less: Amount representing interest	<u>117,733.53</u>
Minimum Lease Payment	<u><u>\$ 3,699,333.51</u></u>

Refer to Supplementary Schedule Exhibit I-2 for further detail.

G. Compensated Absence

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

District employees earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of ¼ of the unused accumulated sick leave multiplied by 1/200 of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/240 of the last annual contracted salary. Twelve month employees in the Teamsters Union, who have completed five or more years shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/250 of the last annual contracted salary.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. NONCURRENT (LONG-TERM) DEBT (CONTINUED)

G. Compensated Absence (Continued)

For teachers employed after September 1, 1981, the sick leave payment shall be limited to no more than \$3,000.00. For employees in the Teamsters Union, who were employed after September 1, 1981, the sick leave payment shall be limited to no more than \$2,400.00.

For administrators who were employed after September 1, 1993, the sick leave payment shall be limited to no more than \$14,000. For all other support staff, under the negotiation power of the MTBOE Support Staff Association, there is no provision for such limitation. There is also no limit for personnel employed prior to September 1, 1981 or September 1, 1993 for administrators.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017 no liability existed for compensated absences in the proprietary fund types.

8. OPERATING LEASES

The District is leasing computers, computer equipment and other instructional equipment. The unit prices of all individual items lease purchased are less than the capitalization threshold for fixed assets or do not qualify as capital assets and as a result, are classified as operating leases. The following is a schedule of the future minimum lease payments under the operating leases and the present value of the net minimum lease payments at June 30, 2017:

<u>Year</u>	<u>Webfilter</u> <u>Software</u>	<u>Small</u> <u>Computers</u>	<u>Instructional</u> <u>Equipment</u>	<u>Total</u>
2018	\$ 20,430.19	\$ 500,651.16	\$ 35,830.13	\$ 556,911.48
2019	20,430.19		35,830.13	56,260.32
2020	20,430.19		35,830.13	56,260.32
2021			35,830.13	35,830.13
2022			17,915.06	17,915.06
	<u>\$ 61,290.57</u>	<u>\$ 500,651.16</u>	<u>\$ 161,235.58</u>	<u>\$ 723,177.31</u>

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division of Pension issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Funding Policy: The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities total proportionate share of the net pension liability that is associated with the local participating employer.

During the year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS

<u>Year Ending June 30,</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>	<u>Employee Contribution</u>
2017	\$ 1,472,738	100%	\$ 869,796
2016	1,407,588	100%	826,740
2015	1,323,750	100%	782,473

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Ending June 30</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Total On-Behalf of</u>	<u>Employee Contribution</u>	<u>TPAF FICA</u>
2017	\$ None	100%	\$ 4,421,362	\$ 3,097,816	\$ 3,135,600
2016	None	100%	3,132,287	2,928,837	3,036,522
2015	None	100%	2,097,362	2,756,565	2,910,064

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$4,421,362 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,135,600 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

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

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2016 Independent Auditor's Report dated April 6, 2017.

At June 30, 2017, the District reported a liability of \$49,098,353 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 (the *Measurement Date*), 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 proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30,	
	2016	2015
District Proportionate Share	0.1657768660 %	0.1637240816 %
Difference - Increase	0.0020527844	

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$5,172,282. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumptions	\$ 10,170,556.00	
Differences between expected and actual experience	913,081.00	
Changes in proportion	1,533,517.00	
Net difference between projected and actual earnings on pension plan investments	1,872,165.00	
Changes in proportion and differences between District contributions and proportionate share of contributions		
District contributions subsequent to the measurement date	<u>1,544,244.00</u>	<u> </u>
Total	<u>\$ 16,033,563.00</u>	<u>\$ -</u>

The \$1,544,244.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	\$ 2,916,881.00
2018	2,916,881.00
2019	3,379,305.00
2020	2,839,110.00
2021	903,625.00

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Additional Information:

Collective balances are as follows:

	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 8,685,338,380
Collective deferred inflows of resources	870,133,595
Net pension liability (Local Group)	29,617,131,759
District's proportion (Local Group)	0.1657768660 %

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates (continued)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS's target asset allocation as of June 30, 2016 (*measurement date*) 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 %	0.87 %
U.S. Treasuries	1.50	1.74
Investment Grade Credit	8.00	1.79
Mortgages	2.00	1.67
High Yield Bonds	2.00	4.56
Inflation-Indexed Bonds	1.50	3.44
Broad U.S. Equities	26.00	8.53
Developed Foreign Equities	13.25	6.83
Emerging Market Equities	6.50	9.95
Private Equity	9.00	12.40
Hedge Funds / Absolute Return	12.50	4.68
Real Estate (Property)	2.00	6.91
Commodities	0.50	5.45
Global Debt ex U.S.	5.00	-0.25
REIT	<u>5.25</u>	5.63
	<u>100.00 %</u>	

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	\$ 60,164,301	\$ 49,098,353	\$ 39,962,453

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2016 Independent Auditor's Reports dated July 13, 2017.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:

Districts proportionate share	None	
State's proportionate share associated with the District		<u>\$ 307,761,232.00</u>
		<u>\$ 307,761,232.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.3912233955%.

	June 30,	
	2016	2015
District Proportionate Share	0.3912233955 %	0.3879430279 %
Difference - Increase	0.0032803676	

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$23,123,974 for contributions provided by the State.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50 Percent
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65 Percent

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2016 are summarized in the table as follows:

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00 %	0.39 %
US Government Bonds	1.50	1.28
US Credit Bonds	13.00	2.76
US Mortgages	2.00	2.38
US Inflation-Indexed Bonds	1.50	1.41
US High Yield Bonds	2.00	4.70
US Equity Market	26.00	5.14
Foreign-Developed Equity	13.25	5.91
Emerging Markets Equity	6.50	8.16
Private Real Estate Property	5.25	3.64
Timber	1.00	3.86
Farmland	1.00	4.39
Private Equity	9.00	8.97
Commodities	0.50	2.87
Hedge Funds - MultiStrategy	5.00	3.70
Hedge Funds - Equity Hedge	3.75	4.72
Hedge Funds - Distressed	<u>3.75</u>	3.49
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2017 (measurement date June 30, 2016) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>2.22%</u>	At Current Discount Rate <u>3.22%</u>	At 1% Increase <u>4.22%</u>
State's proportionate share of the net pension liability associated with the District	\$ 367,811,163	\$ 307,761,232	\$ 258,722,713

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	\$ 195,027,919
Net pension liability	\$ 78,666,367,052
State's proportionate share associated with the District	0.3912233955 %

Collective pension expense - Non-employer portion for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan were as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Employee</u>	<u>Employer</u>
2017	\$ 71,347.94	\$ 38,917.71
2016	62,012.40	23,482.40
2015	49,967.37	27,255.26

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for 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 in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.10 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the 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 SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Post-Retirement Medical</u>
2017	\$ 3,684,000.00
2016	3,729,689.00
2015	3,329,563.00

12. DEFERRED COMPENSATION

A. IRS Code Section 403(b)

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

MetLife	AIG - VALIC
AXA Equitable	First Investors
Openheimer Funds Services	T. Rowe Price

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

12. DEFERRED COMPENSATION (CONTINUED)

B. IRS Code Section 457

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable

AIG - VALIC

13 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Liability Insurance: The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ None	\$ 102,978.75	\$ 49,905.44	\$ 186,862.94
2016	None	82,359.70	60,451.43	133,789.63
2015	None	138,296.44	132,869.84	111,881.36

Health Benefits: The Board of Education for the fiscal year ended June 30, 2017 procured medical insurance coverage for its employees under an agreement with Horizon Blue Cross/Blue Shield of New Jersey under various plans basis. The administrator has provided the required SSAE#16 Report on Internal Controls of Service Organizations.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

14. INTERFUND BALANCES AND TRANSFERS

The interfund receivable/payable as of June 30, 2017 will be liquidated in the normal course of business in the succeeding year or when funds become available and are as follows:

	Receivable	Payable
Governmental Funds:		
General Fund	\$ 3,183.68	
Special Revenue Fund		\$ 3,183.68
Capital Projects Fund	0.70	
Debt Service Fund		0.70
	\$ 3,184.38	\$ 3,184.38

The Debt Service, Fiduciary and Enterprise Funds were liquidated subsequent to yearend.

15. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Board. An analysis of the Capital Reserve account history is as follows:

Capital Reserve Account established on October 11, 2000		\$ 1,000.00
Interest Earnings:		
Prior to June 30, 2016	\$ 12,702.00	
For the year ended June 30, 2017	None	12,702.00
Capital Reserve Account Supplemental Appropriation:		
Prior to June 30, 2016	\$ 1,725,000.00	
For the year ended June 30, 2017	2,500.00	1,727,500.00
		\$ 1,741,202.00
Less - Authorized Withdrawals:		
Prior to June 30, 2016	\$ 763,702.00	
For the year ended June 30, 2017	None	763,702.00
Balance as of June 30, 2017		\$ 977,500.00

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

15. CAPITAL RESERVE ACCOUNT (CONTINUED)

The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund Annual Budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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, if any, Unanticipated Revenue or Unexpended Line Item Appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

16. FUND BALANCE APPROPRIATED

General Fund - Of the \$15,069,103.68 General Fund fund balance at June 30, 2017, \$977,500.00 is restricted for the Capital Reserve Account; \$6,134,722.09 is restricted – excess surplus (from 2015-2016) – designated for subsequent years expenditures, \$6,044,589.23 is restricted – excess surplus (from 2016-2017), \$94,351.73 is assigned for other purposes (encumbrances) and \$1,817,940.63 is unassigned.

Debt Service Fund – Of the Debt Service Fund fund balance at June 30, 2017, \$255,427.31 is restricted for debt service.

17. CONTINGENT LIABILITIES AND COMMITMENTS

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

B. **Pending Litigation** – There are matters pending which should not, in the event of an adverse ruling, result in a material significant impact on the district's financial condition.

C. **Contractual Commitments**

The District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$94,351.73.

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

18. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess fund balance as a result of the 2015-2016 school year of \$6,134,722.09 and 2016-2017 school year of \$6,044,589.23.

19. RECONCILIATION OF FUND BALANCE – GENERAL FUND

The Surpluses are presented on a GAAP basis and reconciliation to the budget basis is follows:

	Total
Balance on a Budget Basis on the General Fund	
Budgetary Basic Comparison -	
Reserve for Excess Surplus	\$ 2,056,414.63
Less: State Aid Payment not Recognized on a	
GAAP Basis	238,474.00
	\$ 1,817,940.63

20. ECONOMIC DEPENDENCY

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

21. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$34,545,054.98 indicated as part of the Governmental Activities net position is calculated as follows:

	Amount
Capital assets, net of depreciation	\$ 168,655,856.50
Bonds payable (used to build or acquire capital assets)	(127,055,000.00)
Capital lease	(3,699,333.51)
Deferred loss on defeasance of debt	8,635,774.17
Unamortized deferred premium	(11,992,242.18)
	\$ 34,545,054.98

MONROE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

22. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A.18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Monroe has no long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 95,431,684.00		\$ 95,431,684.00	\$ 95,431,684.00	
Tuition	3,924,900.00		3,924,900.00	3,969,932.99	\$ 45,032.99
Transportation Fees	263,900.00		263,900.00	286,090.51	22,190.51
Interest earned on capital reserve funds	2,500.00		2,500.00	2,500.00	
Miscellaneous	485,800.00	\$ 321,735.00	807,535.00	947,699.83	140,164.83
Total - local sources	100,108,784.00	321,735.00	100,430,519.00	100,637,907.33	207,388.33
State sources:					
Categorical Transportation Aid	570,717.00		570,717.00	570,717.00	
Categorical Security Aid	103,764.00		103,764.00	103,764.00	
Categorical Special education aid	1,976,819.00		1,976,819.00	1,976,819.00	
Extraordinary aid	214,453.00	198,105.00	412,558.00	412,558.00	
Non-public transportation - cost reimbursement		49,870.00	49,870.00	49,870.00	
PARCC Readiness Aid	58,980.00		58,980.00	58,980.00	
Per Pupil Growth Aid	58,980.00		58,980.00	58,980.00	
Professional Learning Community Aid	62,515.00		62,515.00	62,515.00	
Host District Support Aid	403.00		403.00	403.00	
On behalf - TPAF - Pension Contribution (Non-budgeted)				4,421,362.00	4,421,362.00
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,684,000.00	3,684,000.00
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				9,763.00	9,763.00
Reimbursed TPAF social security contributions (Non-budgeted)				3,135,599.61	3,135,599.61
Total - state sources	3,046,631.00	247,975.00	3,294,606.00	14,545,330.61	11,250,724.61
Federal sources:					
Medicaid Reimbursement	47,943.00		47,943.00	80,871.75	32,928.75
Total - federal sources	47,943.00		47,943.00	80,871.75	32,928.75
TOTAL REVENUES	\$ 103,203,358.00	\$ 569,710.00	\$ 103,773,068.00	\$ 115,264,109.69	\$ 11,491,041.69

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 459,341.00		\$ 459,341.00	\$ 407,171.87	\$ 52,169.13
Grades 1 - 5	9,538,149.00	\$ (70,000.00)	9,468,149.00	9,373,223.66	94,925.34
Grades 6 - 8	6,782,975.00	190,000.00	6,972,975.00	6,900,548.88	72,426.12
Grades 9 - 12	10,401,462.00	(440,000.00)	9,961,462.00	9,823,150.50	138,311.50
Total regular programs - instruction	27,181,927.00	(320,000.00)	26,861,927.00	26,504,094.91	357,832.09
Regular programs - home instruction:					
Salaries of teachers	86,191.00	10,500.00	96,691.00	82,949.36	13,741.64
Purchased professional - education services	8,820.00	27,000.00	35,820.00	34,155.48	1,664.52
Other purchased services (400-500 series)	900.00	500.00	1,400.00	1,263.58	136.42
Total regular programs - home instruction	95,911.00	38,000.00	133,911.00	118,368.42	15,542.58
Regular programs - undistributed instruction:					
Other salaries for instruction	797,088.00	(329,000.00)	468,088.00	438,801.34	29,286.66
Purchased professional - educational services	22,256.00	4,000.00	26,256.00	24,874.84	1,381.16
Other purchased services (400-500 Series)	1,364,732.00	125,000.00	1,489,732.00	1,442,551.77	47,180.23
General supplies	2,087,173.00	(70,000.00)	2,017,173.00	1,967,096.21	50,076.79
Textbooks	185,426.00	5,000.00	190,426.00	186,418.51	4,007.49
Other objects	2,163.00	3,000.00	5,163.00	3,874.50	1,288.50
Total regular programs - undistributed instruction	4,458,838.00	(262,000.00)	4,196,838.00	4,063,617.17	133,220.83
Total regular programs - instructions	31,736,676.00	(544,000.00)	31,192,676.00	30,686,080.50	506,595.50
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	278,468.00		278,468.00	238,225.33	40,242.67
Other salaries for instruction	345,477.00	(70,000.00)	275,477.00	250,248.73	25,228.27
General supplies	3,825.00	10,000.00	13,825.00	11,657.31	2,167.69
Total learning and/or language disabilities	627,770.00	(60,000.00)	567,770.00	500,131.37	67,638.63

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Multiple disabilities					
Salaries of teachers	\$ 259,980.00		\$ 259,980.00	\$ 241,862.39	\$ 18,117.61
Other salaries for instruction	247,718.00		247,718.00	221,804.56	25,913.44
Supplies	16,476.00		16,476.00	13,335.44	3,140.56
Total special education - multiple disabilities	524,174.00		524,174.00	477,002.39	47,171.61
Resource room/resource center:					
Salaries of teachers	7,377,561.00	\$ (320,000.00)	7,057,561.00	7,030,199.94	27,361.06
Other salaries for instruction	934,724.00	150,000.00	1,084,724.00	1,063,575.98	21,148.02
General supplies	36,645.00		36,645.00	31,768.49	4,876.51
Textbooks	10,012.00	(10,000.00)	12.00		12.00
Total resource room/resource center	8,358,942.00	(180,000.00)	8,178,942.00	8,125,544.41	53,397.59
Autism:					
Salaries of teachers	340,452.00	125,000.00	465,452.00	423,597.24	41,854.76
Other salaries for instruction	383,506.00	110,000.00	493,506.00	469,807.87	23,698.13
General supplies	25,590.00	(15,000.00)	10,590.00	7,633.59	2,956.41
Total autism	749,548.00	220,000.00	969,548.00	901,038.70	68,509.30
Preschool disabilities - part-time:					
Salaries of teachers	267,343.00	(20,000.00)	247,343.00	230,719.40	16,623.60
Other salaries for instruction	144,862.00	32,000.00	176,862.00	169,921.52	6,940.48
General supplies	5,879.00	3,000.00	8,879.00	7,444.03	1,434.97
Total preschool disabilities - part-time	418,084.00	15,000.00	433,084.00	408,084.95	24,999.05
Preschool disabilities - full-time:					
Salaries of teachers	115,080.00	18,000.00	133,080.00	121,316.79	11,763.21
Other salaries for instruction	148,988.00	(15,000.00)	133,988.00	119,593.53	14,394.47
General supplies	2,707.00	2,000.00	4,707.00	3,872.02	834.98
Total preschool disabilities - full-time	266,775.00	5,000.00	271,775.00	244,782.34	26,992.66
Home instruction:					
Salaries of teachers	97,117.00	87,000.00	184,117.00	174,125.20	9,991.80
Purchased professional-educational services	33,966.00	20,000.00	53,966.00	43,371.70	10,594.30
Other purchased services (400-500 Series)	3,558.00		3,558.00	724.32	2,833.68
Total home instruction	134,641.00	107,000.00	241,641.00	218,221.22	23,419.78
Total special education - instruction	11,079,934.00	107,000.00	11,186,934.00	10,874,805.38	312,128.62

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic skills/remedial - Instruction:					
Salaries of Teachers	\$ 991,204.00	\$ (52,000.00)	\$ 939,204.00	\$ 877,179.28	\$ 62,024.72
Other salaries for instruction	13,442.00		13,442.00	5,159.09	8,282.91
General supplies	8,846.00		8,846.00	2,713.49	6,132.51
Total basic skills/remedial - Instruction	1,013,492.00	(52,000.00)	961,492.00	885,051.86	76,440.14
Bilingual education - Instruction:					
Salaries of teachers	153,166.00	15,000.00	168,166.00	166,475.50	1,690.50
Purchased professional-educational services	450.00	(400.00)	50.00		50.00
Other purchased services (400-500 Series)	425.00	400.00	825.00	576.37	248.63
General supplies	2,816.00		2,816.00	1,000.45	1,815.55
Total bilingual education - Instruction	156,857.00	15,000.00	171,857.00	168,052.32	3,804.68
School sponsored co/extra - curricular activities - Instructions:					
Salaries	390,682.00	4,000.00	394,682.00	343,337.10	51,344.90
Purchase services (300-500 Series)	83,049.00	(20,000.00)	63,049.00	51,810.80	11,238.20
Supplies and materials	39,056.00		39,056.00	28,766.63	10,289.37
Other objects	40,476.00		40,476.00	8,190.00	32,286.00
Total school sponsored co/extra - curricular activities - Instruction	553,263.00	(16,000.00)	537,263.00	432,104.53	105,158.47
School sponsored athletics - Instruction:					
Salaries	654,184.00	71,000.00	725,184.00	685,485.67	39,698.33
Purchased services (300-500 Series)	130,590.00		130,590.00	98,296.04	32,293.96
Supplies and materials	188,428.00	(10,000.00)	178,428.00	138,724.92	39,703.08
Other objects	24,500.00	10,000.00	34,500.00	29,150.00	5,350.00
Total school sponsored athletic activities - instruction	997,702.00	71,000.00	1,068,702.00	951,656.63	117,045.37
Community Service Programs/Operations:					
Salaries	33,314.00		33,314.00	20,452.68	12,861.32
Total Community Service Programs/Operations	33,314.00		33,314.00	20,452.68	12,861.32
Total special programs	2,754,628.00	18,000.00	2,772,628.00	2,457,318.02	315,309.98
Total instructional programs	45,571,238.00	(419,000.00)	45,152,238.00	44,018,203.90	1,134,034.10

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to county voc. spec. serv. - reg		\$ 13,240.00	\$ 13,240.00	\$ 13,240.00	
Tuition to county spec. serv - district and regional	\$ 896,898.00	(98,240.00)	798,658.00	698,299.14	\$ 100,358.86
Tuition to private schools-disabled within the state	1,330,773.00	465,105.00	1,795,878.00	1,644,121.04	151,756.96
Tuition - other	38,692.00		38,692.00	29,520.00	9,172.00
Total undistributed expenditures - instruction	2,266,363.00	380,105.00	2,646,468.00	2,385,180.18	261,287.82
Attendance and social work:					
Salaries	9,560.00		9,560.00	7,891.43	1,668.57
Other purchased services (400-500 Series)		5,000.00	5,000.00		5,000.00
Total attendance and Social Work	9,560.00	5,000.00	14,560.00	7,891.43	6,668.57
Health services:					
Salaries	994,835.00	45,000.00	1,039,835.00	1,006,208.26	33,626.74
Purchased professional and technical services	47,925.00		47,925.00	14,290.00	33,635.00
Other purchased services (400-500 Series)	2,491.00		2,491.00	1,918.92	572.08
Supplies and materials	29,745.00	5,000.00	34,745.00	28,274.66	6,470.34
Total health services	1,074,996.00	50,000.00	1,124,996.00	1,050,691.84	74,304.16
Other support services - student-related services:					
Salaries	1,726,198.00	155,500.00	1,881,698.00	1,855,929.37	25,768.63
Purchased professional - educational services	381,850.00	174,000.00	555,850.00	464,860.41	90,989.59
Supplies and materials	21,136.00	7,000.00	28,136.00	25,995.14	2,140.86
Other objects	2,212.00	3,500.00	5,712.00	5,398.58	313.42
Total other support services - student-related services	2,131,396.00	340,000.00	2,471,396.00	2,352,183.50	119,212.50
Other support services - students - regular:					
Salaries of other professional staff	1,410,344.00	(10,000.00)	1,400,344.00	1,306,627.27	93,716.73
Salaries of secretarial & clerical assistants	101,949.00	40,000.00	141,949.00	88,441.29	53,507.71
Purchased professional - educational services	19,071.00		19,071.00	15,554.29	3,516.71
Other purchase professional and tech services	50,500.00	(40,000.00)	10,500.00		10,500.00
Other purchase services (400-500 Series)	17,800.00		17,800.00	14,366.03	3,433.97
Supplies and materials	53,444.00		53,444.00	28,760.59	24,683.41
Other objects	1,535.00		1,535.00	40.00	1,495.00
Total other support services - students - regular	1,654,643.00	(10,000.00)	1,644,643.00	1,453,789.47	190,853.53

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - special:					
Salaries of other professional staff	\$ 2,619,582.00	\$ (247,000.00)	\$ 2,372,582.00	\$ 2,268,334.87	\$ 104,247.13
Salaries of secretarial & clerical assistants	209,047.00	105,000.00	314,047.00	300,910.97	13,136.03
Unused Vacation Payments		30,000.00	30,000.00	25,712.58	4,287.42
Purchased professional - educational services	57,822.00	78,000.00	135,822.00	119,806.50	16,015.50
Other purchased professional and technical services	3,894.00		3,894.00		3,894.00
Miscellaneous purchased services (400-500 Series other than residential costs)	28,844.00	(6,000.00)	22,844.00	13,497.86	9,346.14
Supplies and materials	50,826.00	37,000.00	87,826.00	84,361.11	3,464.89
Other objects	1,100.00		1,100.00		1,100.00
Total other support services - students - special	2,971,115.00	(3,000.00)	2,968,115.00	2,812,623.89	155,491.11
Improvement of instructional services:					
Salaries of supervisors of instruction	721,892.00	45,000.00	766,892.00	750,265.60	16,626.40
Salaries of other professional staff	105,645.00	(36,000.00)	69,645.00	30,756.79	38,888.21
Salaries of secretarial & clerical assistants	135,737.00		135,737.00	116,871.80	18,865.20
Purchased professional - educational services	48,918.00	21,000.00	69,918.00	64,701.50	5,216.50
Other purchased services (400-500 Series)	59,730.00	10,000.00	69,730.00	52,438.85	17,291.15
Supplies and materials	28,933.00	(16,000.00)	12,933.00	5,723.57	7,209.43
Other objects	16,968.00		16,968.00	14,557.00	2,411.00
Total improvement of instructional services	1,117,823.00	24,000.00	1,141,823.00	1,035,315.11	106,507.89
Educational media services/school library:					
Salaries	726,573.00	2,000.00	728,573.00	707,626.13	20,946.87
Other purchased services (400-500 Series)	22,015.00		22,015.00	9,884.48	12,130.52
Supplies and materials	152,679.00	(30,000.00)	122,679.00	101,577.93	21,101.07
Other objects	338.00		338.00		338.00
Total educational media services/school library	901,605.00	(28,000.00)	873,605.00	819,088.54	54,516.46
Instructional staff training services:					
Salaries of supervisors of instruction	172,923.00	61,000.00	233,923.00	226,475.84	7,447.16
Salaries of secretarial & clerical assistants	35,648.00	25,000.00	60,648.00	51,292.06	9,355.94
Purchased professional - educational services	14,166.00	12,000.00	26,166.00	23,810.93	2,355.07
Other purchased services (400-500 Series)	27,140.00	4,000.00	31,140.00	30,847.15	292.85
Supplies and materials	1,958.00	2,000.00	3,958.00	1,166.20	2,791.80
Other objects	720.00		720.00	69.00	651.00
Total instructional staff training services	252,555.00	104,000.00	356,555.00	333,661.18	22,893.82

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration:					
Salaries	\$ 445,286.00		\$ 445,286.00	\$ 397,114.07	\$ 48,171.93
Salaries of Attorneys	178,423.00		178,423.00	178,422.72	0.28
Legal services	59,750.00		59,750.00	35,907.12	23,842.88
Audit Fee	54,778.00	\$ 5,000.00	59,778.00	50,370.00	9,408.00
Architectural/Engineering Services	25,337.00	30,000.00	55,337.00	30,320.50	25,016.50
Other purchased professional services	26,632.00		26,632.00	9,850.00	16,782.00
Communications/telephone	169,950.00	(33,000.00)	136,950.00	115,703.75	21,246.25
BOE other purchased services	4,540.00	2,000.00	6,540.00	6,002.11	537.89
Other purchased services (400-500)	325,428.00	131,000.00	456,428.00	412,703.44	43,724.56
General supplies	22,102.00		22,102.00	9,303.74	12,798.26
BOE in-house training/meeting supplies	7,846.00		7,846.00	4,744.79	3,101.21
Miscellaneous expenditures	7,575.00		7,575.00	7,247.00	328.00
BOE membership dues and fees	28,341.00		28,341.00	26,719.70	1,621.30
Total support services - general administration	1,355,988.00	135,000.00	1,490,988.00	1,284,408.94	206,579.06
Support services - school administration:					
Salaries of principals/assistant principals	1,910,857.00	110,000.00	2,020,857.00	1,872,972.28	147,884.72
Salaries of other professional staff	391,589.00	25,000.00	416,589.00	403,595.56	12,993.44
Salaries of secretarial and clerical assistants	1,417,711.00	(5,000.00)	1,412,711.00	1,363,695.66	49,015.34
Unused Vacation Payments		7,000.00	7,000.00	5,268.40	1,731.60
Purchased professional and technical services	2,551.00	3,000.00	5,551.00	5,000.00	551.00
Other purchased services (400-500 Series)	19,997.00		19,997.00	16,986.68	3,010.32
Supplies and materials	62,312.00	53,000.00	115,312.00	88,774.39	26,537.61
Other objects	23,726.00	5,000.00	28,726.00	27,209.00	1,517.00
Total support services - school administration	3,828,743.00	198,000.00	4,026,743.00	3,783,501.97	243,241.03
Central services:					
Salaries	982,798.00	(36,947.00)	945,851.00	909,958.56	35,892.44
Unused Vacation Payments		25,000.00	25,000.00	21,112.91	3,887.09
Purchased technical services	91,990.00	35,000.00	126,990.00	122,184.19	4,805.81
Miscellaneous purchased services (400-500 Series)	15,433.00		15,433.00	9,060.41	6,372.59
Supplies and materials	14,882.00		14,882.00	13,167.37	1,714.63
Miscellaneous expenditures	11,168.00		11,168.00	6,974.37	4,193.63
Total central services	1,116,271.00	23,053.00	1,139,324.00	1,082,457.81	56,866.19

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Admin. Info. technology:					
Salaries	\$ 907,761.00	\$ 35,000.00	\$ 942,761.00	\$ 868,147.98	\$ 74,613.02
Unused Vacation Payments		6,000.00	6,000.00	4,386.04	1,613.96
Other purchased services (400-500 Series)	2,000.00	5,000.00	7,000.00	976.78	6,023.22
Supplies and materials	4,498.00		4,498.00	2,559.34	1,938.66
Total admin. Info. technology	914,259.00	46,000.00	960,259.00	876,070.14	84,188.86
Required maintenance for school facilities:					
Salaries	976,995.00	(110,000.00)	866,995.00	859,640.68	7,354.32
Unused Vacation Payments		5,000.00	5,000.00	2,679.67	2,320.33
Cleaning, repair and maintenance services	427,216.00	(74,018.64)	353,197.36	208,304.87	144,892.49
General supplies	312,050.00		312,050.00	261,393.23	50,656.77
Other objects	7,470.00		7,470.00	650.00	6,820.00
Total required maintenance for school facilities	1,723,731.00	(179,018.64)	1,544,712.36	1,332,668.45	212,043.91
Custodial Services:					
Salaries	3,216,054.00	420,000.00	3,636,054.00	3,623,759.35	12,294.65
Unused Vacation Payments		15,000.00	15,000.00	13,193.78	1,806.22
Purchased professional and technical services	288,771.00	45,000.00	333,771.00	305,070.51	28,700.49
Cleaning, repair and maintenance services	101,812.00	(30,000.00)	71,812.00	30,256.51	41,555.49
Rental of Land and Buildings	66,495.00	3,000.00	69,495.00	66,716.86	2,778.14
Water and sewer facilities	116,480.00	25,000.00	141,480.00	111,897.28	29,582.72
Insurance	247,450.00	(11,000.00)	236,450.00	163,717.84	72,732.16
Miscellaneous purchased services	116,218.00	(25,000.00)	91,218.00	74,318.34	16,899.66
General supplies	267,396.00		267,396.00	217,366.69	50,029.31
Energy (natural gas)	263,558.00	(80,000.00)	183,558.00	130,719.20	52,838.80
Energy (electricity)	1,447,065.00	(353,000.00)	1,094,065.00	1,093,979.50	85.50
Energy (oil)	56,580.00	(25,000.00)	31,580.00	15,004.94	16,575.06
Energy (gasoline)	15,051.00		15,051.00		15,051.00
Other objects facilities	3,297.00	1,000.00	4,297.00	3,426.45	870.55
Total custodial services:	6,206,227.00	(15,000.00)	6,191,227.00	5,849,427.25	341,799.75
Care and Upkeep of Grounds:					
Salaries	86,146.00		86,146.00	76,315.88	9,830.12
Purchased professional & technical services	13,974.00	50,000.00	63,974.00	34,173.00	29,801.00
Cleaning, repair and maintenance services	366,903.00	(40,000.00)	326,903.00	282,275.56	44,627.44
General supplies	63,004.00	(10,000.00)	53,004.00	43,306.11	9,697.89
Other objects	975.00		975.00	350.00	625.00
Total care and upkeep of grounds:	531,002.00		531,002.00	436,420.55	94,581.45

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 575,237.00	\$ 112,000.00	\$ 687,237.00	\$ 681,894.93	\$ 5,342.07
Purchased professional & technical services	25,000.00		25,000.00	19,892.00	5,108.00
Cleaning, repair and maintenance services	41,214.00	10,000.00	51,214.00	31,334.27	19,879.73
General supplies	36,972.00	(10,000.00)	26,972.00	8,914.65	18,057.35
Other objects	600.00		600.00		600.00
Total security:	679,023.00	112,000.00	791,023.00	742,035.85	48,987.15
Total operation and maintenance of plant services	9,139,983.00	(82,018.64)	9,057,964.36	8,360,552.10	697,412.26
Student transportation services:					
Salaries of non-instructional aides	128,414.00	20,000.00	148,414.00	139,344.07	9,069.93
Salaries of Pupil transportation - (between home and school) - regular	1,938,333.00	55,000.00	1,993,333.00	1,971,181.41	22,151.59
Salaries of Pupil transportation (between home and school) - special education	39,858.00	18,500.00	58,358.00	54,124.16	4,233.84
Salaries of Pupil transportation - (other than between home and school)	306,115.00	(30,000.00)	276,115.00	254,004.45	22,110.55
Unused Vacation Payments		10,000.00	10,000.00	7,809.13	2,190.87
Management fee - ESC and CTSA transp. Program	77,552.00	30,000.00	107,552.00	104,709.71	2,842.29
Other purchased professional and technical services	16,699.00		16,699.00	10,743.99	5,955.01
Cleaning, repair and maintenance services	186,784.00	(125,000.00)	61,784.00	23,424.34	38,359.66
Lease purchase payments - School Buses	418,943.00	8,000.00	426,943.00	365,130.59	61,812.41
Contracted services - aid in lieu of payments - nonpublic schools	113,731.00	13,000.00	126,731.00	124,020.23	2,710.77
Contracted services - (between home and school) - vendors	161,108.00	(125,000.00)	36,108.00	6,530.00	29,578.00
Contracted services (other than between home and school) - vendors	195,932.00	50,000.00	245,932.00	212,219.36	33,712.64
Contracted services (between home and school) - joint agreements	4,332.00		4,332.00		4,332.00
Contracted services (special education students) - vendors	4,540.00		4,540.00		4,540.00
Contracted services (special education students) - joint agreements	3,744.00	1,000.00	4,744.00	3,991.59	752.41
Contracted services (regular) - ESC and CTSA's	717,587.00	600,000.00	1,317,587.00	1,305,373.70	12,213.30
Contracted services (special education students) - ESC's and CTSA's	1,704,363.00	200,000.00	1,904,363.00	1,861,800.83	42,562.17
Miscellaneous purchased services - Transportation	207,313.00	(40,000.00)	167,313.00	151,135.51	16,177.49
General Supplies	8,134.00	2,000.00	10,134.00	9,206.16	927.84
Transportation supplies	378,949.00	196,870.00	575,819.00	506,422.51	69,396.49
Other Objects	4,896.00		4,896.00	4,707.85	188.15
Total student transportation services	6,617,327.00	884,370.00	7,501,697.00	7,115,879.59	385,817.41

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services - Employee Benefits					
Group insurance	\$ 1,226,688.00	\$ 45,000.00	\$ 1,271,688.00	\$ 1,269,688.40	\$ 1,999.60
Social Security Contributions	204,862.00		204,862.00	185,011.74	19,850.26
Total student transportation services - employee benefits	1,431,550.00	45,000.00	1,476,550.00	1,454,700.14	21,849.86
Unallocated benefits - Employee benefits:					
Social security contribution	1,285,691.00	90,000.00	1,375,691.00	1,358,397.31	17,293.69
Other retirement contributions - regular	1,546,957.00		1,546,957.00	1,485,450.88	61,506.12
Workmen's compensation	646,000.00	38,000.00	684,000.00	681,594.44	2,405.56
Health benefits	19,098,390.00	(1,659,553.00)	17,438,837.00	16,355,381.68	1,083,455.32
Tuition reimbursement	120,900.00		120,900.00	81,439.63	39,460.37
Other employee benefits	792,550.00	110,000.00	902,550.00	863,435.08	39,114.92
Total unallocated benefits - employee benefits	23,490,488.00	(1,421,553.00)	22,068,935.00	20,825,699.02	1,243,235.98
On behalf - TPAF - Pension Contribution (Non-budgeted)				4,421,362.00	(4,421,362.00)
On behalf - TPAF - Post Retirement Medical (Non-budgeted)				3,684,000.00	(3,684,000.00)
On behalf - TPAF - Long-Term Disability Insurance (Non-budgeted)				9,763.00	(9,763.00)
Reimbursed TPAF social security contributions (Non-budgeted)				3,135,599.61	(3,135,599.61)
Total on behalf - Contributions				11,250,724.61	(11,250,724.61)
Total personal services - employee benefits	24,922,038.00	(1,376,553.00)	23,545,485.00	33,531,123.77	(9,985,638.77)
Total undistributed expenditures	60,274,665.00	689,956.36	60,964,621.36	68,284,419.46	(7,319,798.10)
TOTAL EXPENDITURES - CURRENT EXPENSE	105,845,903.00	270,956.36	106,116,859.36	112,302,623.36	(6,185,764.00)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 9-12	6,072.00	656.00	6,728.00	6,727.38	0.62
Equipment special services - Resource Room		8,591.00	8,591.00	8,591.00	
Equipment - Bilingual Education		8,591.00	8,591.00	8,591.00	
Equipment - Athletics		2,540.00	2,540.00	2,539.76	0.24
Equipment special services - Child Study Team		3,312.75	3,312.75	3,312.75	
Equipment facilities - Required Maintenance	390,761.00	(23,690.75)	367,070.25		367,070.25
Equipment maintenance/custodial	23,780.00	(10,000.00)	13,780.00		13,780.00
Equipment Grounds - Care & Upkeep		10,000.00	10,000.00	5,100.00	4,900.00
Total equipment - regular programs - instruction	420,613.00		420,613.00	34,861.89	385,751.11

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Equipment - other:					
Architectural/Engineering Services	\$ 115,000.00	\$ 147,500.00	\$ 262,500.00	\$ 138,311.76	\$ 124,188.24
Other Purchase Prof. & Tech Equip HS		35,000.00	35,000.00	24,150.00	10,850.00
Construction Services District	1,554,746.00	146,735.00	1,701,481.00	1,317,463.27	384,017.73
Debt service assessment SDA funding	106,185.00		106,185.00	106,185.00	
Total Equipment - other	<u>1,775,931.00</u>	<u>329,235.00</u>	<u>2,105,166.00</u>	<u>1,586,110.03</u>	<u>519,055.97</u>
Assets acquired under capital lease (non-budgeted):					
Undistributed Expenditures:					
Instruction				489,468.91	(489,468.91)
Total assets acquired under capital lease				<u>489,468.91</u>	<u>(489,468.91)</u>
TOTAL EXPENDITURES - CAPITAL OUTLAY	<u>2,196,544.00</u>	<u>329,235.00</u>	<u>2,525,779.00</u>	<u>2,110,440.83</u>	<u>415,338.17</u>
SPECIAL SCHOOLS:					
Adult education - Local - Support Services:					
Salaries	48,410.00		48,410.00	38,817.64	9,592.36
Other purchased services (400-500 Series)	15,000.00	(2,000.00)	13,000.00	8,123.00	4,877.00
Supplies and material	1,000.00	2,000.00	3,000.00	2,800.00	200.00
Other objects	1,000.00		1,000.00	85.00	915.00
Total Adult Education	<u>65,410.00</u>		<u>65,410.00</u>	<u>49,825.64</u>	<u>15,584.36</u>
TOTAL SPECIAL SCHOOLS	<u>65,410.00</u>		<u>65,410.00</u>	<u>49,825.64</u>	<u>15,584.36</u>
Transfer of Funds to Charter Schools	<u>103,412.00</u>		<u>103,412.00</u>	<u>98,035.00</u>	<u>5,377.00</u>
Total of Funds to Charter Schools	<u>103,412.00</u>		<u>103,412.00</u>	<u>98,035.00</u>	<u>5,377.00</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 108,211,269.00</u>	<u>\$ 600,191.36</u>	<u>\$ 108,811,460.36</u>	<u>\$ 114,560,924.83</u>	<u>\$ (5,749,464.47)</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (5,007,911.00)</u>	<u>\$ (30,481.36)</u>	<u>\$ (5,038,392.36)</u>	<u>\$ 703,184.86</u>	<u>\$ (5,741,577.22)</u>
Other financing sources/(uses):					
Operating Transfers in/(out)					
Capital leases (Non-Budgeted)				\$ 489,468.91	\$ 489,468.91
Total other financing sources/(uses)				<u>\$ 489,468.91</u>	<u>\$ 489,468.91</u>

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (5,007,911.00)	\$ (30,481.36)	\$ (5,038,392.36)	\$ 1,192,653.77	\$ 6,231,046.13
Fund balance, July 1	14,114,923.91		14,114,923.91	14,114,923.91	
Fund balance, June 30	\$ 9,107,012.91	\$ (30,481.36)	\$ 9,076,531.55	\$ 15,307,577.68	\$ 6,231,046.13
Fund balance appropriated per budget	\$ 5,010,411.00				
Less: Increase in capital reserve	2,500.00				
	\$ 5,007,911.00				
Detail of budget transfers:					
Prior Year Reserve for Encumbrances		\$ 30,481.36			
Miscellaneous Revenue		321,735.00			
Extraordinary Aid		198,105.00			
Non-public transportation - cost reimbursement		49,870.00			
		\$ 600,191.36			
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved for Encumbrances				\$ 94,351.73	
Reserved for excess surplus (18-19)				6,044,589.23	
Capital reserve				977,500.00	
Excess surplus - designated for subsequent year's expenditures (17-18)				6,134,722.09	
Unassigned - Fund Balance (2%)				2,056,414.63	
				\$ 15,307,577.68	
Reconciliation to governmental funds statements (GAAP):					
Less: Last State Aid payment not recognized on GAAP basis				238,474.00	
Fund balance per governmental funds (GAAP)				\$ 15,069,103.68	

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES:				
Federal Sources	\$ 1,124,557.00	\$ 235,419.00	\$ 1,359,976.00	\$ 1,359,976.00
Local Sources		<u>10,517.60</u>	<u>10,517.60</u>	<u>10,517.60</u>
Total Revenues	<u>\$ 1,124,557.00</u>	<u>\$ 245,936.60</u>	<u>\$ 1,370,493.60</u>	<u>\$ 1,370,493.60</u>
EXPENDITURES:				
Instruction:				
Salaries		\$ 63,816.05	\$ 63,816.05	\$ 63,816.05
Other Purchased Services	\$ 995,527.00	105,151.00	1,100,678.00	1,100,678.00
General Supplies	<u>129,030.00</u>	<u>13,935.55</u>	<u>142,965.55</u>	<u>142,965.55</u>
Total Instruction	<u>\$ 1,124,557.00</u>	<u>\$ 182,902.60</u>	<u>\$ 1,307,459.60</u>	<u>\$ 1,307,459.60</u>
Support Services:				
Salaries				
Purchased Professional and Technical Services		\$ 34,699.07	\$ 34,699.07	\$ 34,699.07
Other Purchased Professional Services		17,344.93	17,344.93	17,344.93
Supplies and Materials		<u>10,990.00</u>	<u>10,990.00</u>	<u>10,990.00</u>
Total Support Services		<u>\$ 63,034.00</u>	<u>\$ 63,034.00</u>	<u>\$ 63,034.00</u>
Total Expenditures	<u>\$ 1,124,557.00</u>	<u>\$ 245,936.60</u>	<u>\$ 1,370,493.60</u>	<u>\$ 1,370,493.60</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 115,264,109.69	C-2 \$ 1,370,493.60
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	233,909.00	None
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(238,474.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	B-2 \$ <u>115,259,544.69</u>	B-2 \$ <u>1,370,493.60</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1 \$ 114,560,924.83	C-2 \$ 1,370,493.60
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures and change in fund balance - governmental funds.	B-2 \$ <u>114,560,924.83</u>	B-2 \$ <u>1,370,493.60</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FOUR (4) FISCAL YEARS *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.1605741339 %	0.1526923938 %	0.163724082 %	0.1657768660 %
District's proportionate share of the net pension liability (asset)	\$ 29,182,550	\$ 30,063,870	\$ 36,752,723	\$ 49,098,353
District's covered-employee payroll	\$ 11,171,901	\$ 11,307,428	\$ 11,710,198	\$ 12,080,496
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	261.20	265.80	313.85	406.43
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72	47.92	40.14

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

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FOUR (4) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 1,150,506	\$ 1,323,750	\$ 1,472,738	\$ 1,544,244
Contributions in relation to the contractually required contribution	<u>\$ 1,150,506</u>	<u>\$ 1,323,750</u>	<u>\$ 1,472,738</u>	<u>\$ 1,544,244</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 11,171,901	\$ 11,307,428	\$ 11,710,198	\$ 12,080,496
Contributions as a percentage of covered-employee payroll	10.29	11.71	12.58	12.78

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST FOUR (4) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.3812214603 %	0.3821279042 %	0.3879430279 %	0.3912233955 %
District's proportionate share of the net pension liability (asset)	None	None	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 192,716,870</u>	<u>\$ 204,234,928</u>	<u>\$ 245,196,560</u>	<u>\$ 307,761,232</u>
Total	<u>\$ 192,716,870</u>	<u>\$ 204,234,928</u>	<u>\$ 245,196,560</u>	<u>\$ 307,761,232</u>
District's covered-employee payroll	\$ 39,628,951	\$ 20,398,347	\$ 41,484,946	\$ 43,025,213
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Title I 2016-2017 Regular	Title II 2016-2017 Part A	Title III 2016-2017 Regular	Title III 2016-2017 Immigrant	I.D.E.A. Part B		Capacity Building Grant	Sustainable Jersey Grant	Total
					2016-2017 Regular Program	2016-2017 Preschool			
REVENUES:									
Federal sources	\$ 149,720.00	\$ 45,427.00	\$ 15,001.00	\$ 4,009.00	\$ 1,100,678.00	\$ 45,141.00			\$ 1,359,976.00
Local sources							\$ 517.60	\$ 10,000.00	10,517.60
Total revenues	<u>\$ 149,720.00</u>	<u>\$ 45,427.00</u>	<u>15,001.00</u>	<u>4,009.00</u>	<u>\$ 1,100,678.00</u>	<u>\$ 45,141.00</u>	<u>517.60</u>	<u>10,000.00</u>	<u>\$ 1,370,493.60</u>
EXPENDITURES:									
Instruction:									
Salaries	\$ 10,472.05		\$ 8,203.00			\$ 45,141.00			\$ 63,816.05
Other purchased services					\$ 1,100,678.00				1,100,678.00
General Supplies	<u>132,447.95</u>						\$ 517.60	\$ 10,000.00	<u>142,965.55</u>
Total instruction	<u>\$ 142,920.00</u>		<u>8,203.00</u>		<u>1,100,678.00</u>	<u>\$ 45,141.00</u>	<u>517.60</u>	<u>10,000.00</u>	<u>\$ 1,307,459.60</u>
Support services:									
Salaries									
Purchased professional and technical services	\$ 6,800.00	\$ 17,092.07	\$ 6,798.00	\$ 4,009.00					\$ 34,699.07
Other purchased services		17,344.93							17,344.93
General Supplies		<u>10,990.00</u>							<u>10,990.00</u>
Total support services	<u>\$ 6,800.00</u>	<u>\$ 45,427.00</u>	<u>6,798.00</u>	<u>4,009.00</u>					<u>\$ 63,034.00</u>
Total expenditures	<u>\$ 149,720.00</u>	<u>\$ 45,427.00</u>	<u>\$ 15,001.00</u>	<u>\$ 4,009.00</u>	<u>\$ 1,100,678.00</u>	<u>\$ 45,141.00</u>	<u>\$ 517.60</u>	<u>\$ 10,000.00</u>	<u>\$ 1,370,493.60</u>

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
MONROE TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Revenues and Other Financing Sources	
Interest on investments	\$ <u>0.70</u>
Total revenues	<u>0.70</u>
Expenditures and Other Financing Uses	
Supplies	\$ <u> </u>
Total expenditures	<u>0.00</u>
Excess(deficiency) of revenues over (under) expenditures	\$ 0.70
Other financing sources/(uses):	
Transfer in/(out):	
Interest to Debt Service Fund	<u>(0.70)</u>
Net change in fund balance	\$ 0.00
Fund balance, beginning	<u>0.00</u>
Fund balance, ending	<u><u>0.00</u></u>

FIDUCIARY FUNDS

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2017</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 21,026.72	\$ 69,334,439.47	\$ 68,882,734.45	\$ 472,731.74
Total Assets	<u>\$ 21,026.72</u>	<u>\$ 69,334,439.47</u>	<u>\$ 68,882,734.45</u>	<u>\$ 472,731.74</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 443.69	\$ 32,852,712.82	\$ 32,432,107.80	\$ 421,048.71
Interfund Payable - General	1,616.18		1,616.18	0.00
Interfund Payable - FLI Fund	2,097.40	0.43	2,097.40	0.43
Interfund Payable - Unemployment Fund	11,143.01	48,583.48	11,143.01	48,583.48
Net Pay	<u>5,726.44</u>	<u>36,433,142.74</u>	<u>36,435,770.06</u>	<u>3,099.12</u>
Total Liabilities	<u>\$ 21,026.72</u>	<u>\$ 69,334,439.47</u>	<u>\$ 68,882,734.45</u>	<u>\$ 472,731.74</u>

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2017</u>
Elementary Schools:				
Applegarth	\$ 2,339.37	\$ 6,553.58	\$ 7,218.85	\$ 1,674.10
Barclay Brook	27,547.17	2,125.00	2,403.50	27,268.67
Woodland	11,184.10	14,676.73	13,719.11	12,141.72
Mill Lake	13,910.60	19,081.07	19,852.92	13,138.75
Oaktree	4,242.92	5,935.97	6,414.51	3,764.38
Brookside	<u>23,916.33</u>	<u>24,126.42</u>	<u>22,957.45</u>	<u>25,085.30</u>
Total Elementary Schools	<u>83,140.49</u>	<u>72,498.77</u>	<u>72,566.34</u>	<u>83,072.92</u>
Middle School	<u>24,292.76</u>	<u>203,024.15</u>	<u>194,850.13</u>	<u>32,466.78</u>
Total Middle School	<u>24,292.76</u>	<u>203,024.15</u>	<u>194,850.13</u>	<u>32,466.78</u>
Senior High School				
High School	207,303.45	449,331.58	444,863.74	211,771.29
School Store	1,747.24	12,536.32	8,791.04	5,492.52
School Store Tax Account	<u> </u>	<u>48.19</u>	<u>48.19</u>	<u> </u>
Total Senior High School	<u>209,050.69</u>	<u>461,916.09</u>	<u>453,702.97</u>	<u>217,263.81</u>
Total All Schools	<u>\$ 316,483.94</u>	<u>\$ 737,439.01</u>	<u>\$ 721,119.44</u>	<u>\$ 332,803.51</u>

NONCURRENT DEBT

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NONCURRENT (LONG-TERM) DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2017**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
	Date of Original Issue	Amount of Issue	Date	Amount					
	Construction of a New High School	3/1/2008	\$ 41,900,000.00	3/1/2018					
Refunding School District Bonds, Series 2011 (2002)	3/15/2011	18,535,000.00	9/15/2017	2,720,000.00	5.00%	8,240,000.00		2,665,000.00	5,575,000.00
			9/15/2018	1,440,000.00	4.50%				
			9/15/2019	1,415,000.00	4.50%				
Refunding School District Bonds, Series 2012 (2004)	3/15/2012	62,175,000.00	8/1/2017	2,035,000.00	4.00%	60,150,000.00			58,435,000.00
			8/1/2018	3,665,000.00	4.00%				
			8/1/2019	4,050,000.00	4.00%				
			8/1/2020	4,675,000.00	4.00%				
			8/1/2021	4,720,000.00	4.00%				
			8/1/2022	4,925,000.00	4.00%				
			8/1/2023	5,135,000.00	4.00%				
			8/1/2024	5,355,000.00	4.00%				
			8/1/2025	5,615,000.00	5.00%				
			8/1/2026	5,920,000.00	5.00%				
			8/1/2027	6,175,000.00	3.25%				
8/1/2028	6,165,000.00	5.00%							

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NONCURRENT (LONG-TERM) DEBT
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2017**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
	Date of Original Issue	Amount of Issue	Date	Amount					
	Refunding School District Bonds, Series 2015	3/26/2015	\$ 62,600,000.00	3/1/2018					
			3/1/2019	1,015,000.00	4.00%				
			3/1/2020	1,125,000.00	4.00%				
			3/1/2021	1,265,000.00	5.00%				
			3/1/2022	1,535,000.00	5.00%				
			3/1/2023	1,940,000.00	5.00%				
			3/1/2024	2,390,000.00	5.00%				
			3/1/2025	2,695,000.00	5.00%				
			3/1/2026	2,845,000.00	5.00%				
			3/1/2027	3,005,000.00	5.00%				
			3/1/2028	3,280,000.00	5.00%				
			3/1/2029	3,385,000.00	3.00%				
			3/1/2030	3,615,000.00	4.00%				
			3/1/2031	3,975,000.00	4.00%				
			3/1/2032	4,395,000.00	5.00%				
			3/1/2033	4,610,000.00	5.00%				
			3/1/2034	4,825,000.00	5.00%				
			3/1/2035	5,050,000.00	3.50%				
			3/1/2036	5,205,000.00	5.00%				
			3/1/2037	2,940,000.00	5.00%				
			3/1/2038	3,075,000.00	5.00%	\$ 62,480,000.00		\$ 135,000.00	\$ 62,345,000.00
Total						\$ 132,120,000.00		\$ 5,065,000.00	\$ 127,055,000.00

BOARD OF EDUCATION
TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2017

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2017</u>
Computer Equipment	3.980%	\$ 166,091.34	\$ 33,218.26		\$ 33,218.26	
AHA Equipment, Computers and Audio Equipment	0.000%	306,810.00	116,602.00		59,116.00	\$ 57,486.00
Various Equipment	1.360%	1,301,639.00	786,270.02		260,315.84	525,954.18
Various Equipment	3.760%	1,100,000.00	883,262.56		218,356.58	664,905.98
Various Equipment	1.683%	666,000.00	666,000.00		130,977.03	535,022.97
Tennis Court	0.000%	300,000.00	300,000.00			300,000.00
Various Equipment	1.675%	487,824.28		\$ 487,824.28	47,563.90	440,260.38
Various Equipment	1.976%	<u>1,175,704.00</u>		<u>1,175,704.00</u>		<u>1,175,704.00</u>
		<u>\$ 5,504,068.62</u>	<u>\$ 2,785,352.84</u>	<u>\$ 1,663,528.28</u>	<u>\$ 749,547.61</u>	<u>\$ 3,699,333.51</u>

**BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,212,065.00		\$ 10,212,065.00	\$ 10,212,065.00	
Total - Local Sources	<u>10,212,065.00</u>		<u>10,212,065.00</u>	<u>10,212,065.00</u>	
State Sources:					
Debt Service Aid Type II	<u>618,446.00</u>		<u>618,446.00</u>	<u>618,446.00</u>	
Total - State Sources	<u>618,446.00</u>		<u>618,446.00</u>	<u>618,446.00</u>	
Total Revenues	<u>\$ 10,830,511.00</u>		<u>\$ 10,830,511.00</u>	<u>\$ 10,830,511.00</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	\$ 5,766,817.00		\$ 5,766,817.00	\$ 5,766,812.50	\$ 4.50
Redemption of Principal	<u>5,065,000.00</u>		<u>5,065,000.00</u>	<u>5,065,000.00</u>	
Total Regular Debt Service	<u>10,831,817.00</u>		<u>10,831,817.00</u>	<u>10,831,812.50</u>	<u>4.50</u>
Total Expenditures	<u>\$ 10,831,817.00</u>		<u>\$ 10,831,817.00</u>	<u>\$ 10,831,812.50</u>	<u>\$ 4.50</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ (1,306.00)</u>		<u>\$ (1,306.00)</u>	<u>\$ (1,301.50)</u>	<u>\$ 4.50</u>
Other Financing Sources/(Uses):					
Transfers In/(Out) from Capital Projects Fund				\$ 0.70	\$ 0.70
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ (1,306.00)</u>		<u>\$ (1,306.00)</u>	<u>\$ (1,300.80)</u>	<u>\$ 5.20</u>
Fund Balance, July 1	<u>256,728.11</u>		<u>256,728.11</u>	<u>256,728.11</u>	
Fund Balance, June 30	<u>\$ 255,422.11</u>		<u>\$ 255,422.11</u>	<u>\$ 255,427.31</u>	<u>\$ 5.20</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures:					
Budgeted Fund Balance	<u>\$ 1,306.00</u>		<u>\$ 1,306.00</u>	<u>\$ (1,300.80)</u>	<u>\$ 5.20</u>

STATISTICAL TABLES (SECTION)
(UNAUDITED)

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 & J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

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

FINANCIAL TRENDS

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NET POSITION BY COMPONENT
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30.									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 21,216,543	\$ 29,668,447	\$ 35,062,719	\$ 38,780,442	\$ 41,664,875	\$ 46,231,024	\$ 41,182,796	\$ 32,317,583	\$ 33,961,616	\$ 34,545,055
Restricted	13,358,632	12,023,313	8,251,199	7,910,720	7,865,714	6,052,847	5,364,491	1,262,848	975,000	977,500
Unrestricted	5,060,887	1,876,848						(24,600,329)	(23,409,134)	(25,686,643)
Total governmental activities net assets	\$ 39,636,062	\$ 43,568,408	\$ 43,313,918	\$ 46,691,162	\$ 49,530,589	\$ 52,283,871	\$ 46,547,287	\$ 8,980,102	\$ 11,527,482	\$ 9,835,912
Business-type activities										
Invested in capital assets, net of related debt	\$ 291,762	\$ 374,258	\$ 322,955	\$ 290,248	\$ 1,018,586	\$ 842,522	\$ 760,796	\$ 666,381	\$ 692,513	\$ 629,911
Unrestricted	322,403	368,150	450,957	497,005	601,889	409,419	610,224	707,121	1,347,071	1,513,618
Total business-type activities net assets	\$ 614,165	\$ 742,408	\$ 773,912	\$ 787,253	\$ 1,620,474	\$ 1,251,941	\$ 1,371,020	\$ 1,373,502	\$ 2,039,584	\$ 2,143,529
District-wide										
Invested in capital assets, net of related debt	\$ 21,508,305	\$ 30,042,705	\$ 35,385,674	\$ 39,070,690	\$ 42,683,461	\$ 47,073,546	\$ 41,943,592	\$ 32,983,964	\$ 34,654,129	\$ 35,174,966
Restricted	13,358,632	12,023,313	8,251,199	7,910,720	7,865,714	6,052,847	5,364,491	1,262,848	975,000	977,500
Unrestricted	5,383,290	2,244,798	450,957	497,005	601,889	409,419	610,224	(23,893,208)	(22,062,063)	(24,173,025)
Total district net position	\$ 40,250,227	\$ 44,310,816	\$ 44,087,830	\$ 47,478,415	\$ 51,151,063	\$ 53,535,813	\$ 47,918,307	\$ 10,353,604	\$ 13,567,066	\$ 11,979,441

Source: CAFR Exhibit A-1

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability for PERS.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	For Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 35,313,525	\$ 40,457,548	\$ 40,075,560	\$ 39,308,035	\$ 40,454,836	\$ 42,812,412	\$ 41,295,090	\$ 45,821,193	\$ 48,244,120	\$ 55,060,418
Special education	7,068,824	8,056,984	9,305,789	9,806,064	11,328,099	12,697,364	13,584,230	15,169,574	16,112,645	19,041,661
Other special education	803,554	871,377	1,053,305	1,236,749	1,246,004	1,139,482	1,197,279	1,571,559	1,567,064	1,549,716
Other instruction	1,770,000	1,886,766	1,957,368	1,881,200	1,954,794	1,972,702	2,182,506	2,398,383	2,521,686	2,753,020
Support Services:										
Tuition	3,097,014	2,670,563	2,814,218	2,889,683	1,965,338	2,038,153	2,182,438	2,284,829	2,469,164	2,385,180
Student & instruction related services	7,637,715	8,891,527	10,904,766	11,000,114	11,369,266	12,683,728	12,933,932	14,944,019	14,945,065	17,273,932
School Administrative services	4,542,648	4,581,037	4,625,851	4,682,320	4,205,258	4,407,946	5,879,698	4,805,921	6,107,530	5,762,759
General administration	4,002,137	1,932,419	2,808,719	3,066,617	4,295,646	4,765,789	5,357,956	5,475,315	5,230,103	6,624,869
Central Services	746,120	1,059,627	826,103	707,282	842,382	844,703	-	-	-	-
Plant operations and maintenance	8,023,326	9,078,453	8,472,856	8,816,455	9,986,268	11,004,767	12,437,512	13,316,975	14,071,657	14,639,232
Administrative information technology	567,032	842,155	584,168	656,660	730,230	805,513	-	-	-	-
Pupil transportation	7,671,988	6,475,972	6,680,297	7,679,903	8,396,899	8,086,442	10,315,515	11,531,756	12,873,146	14,641,857
Special Schools	165,741	244,151	276,094	109,737	83,099	87,420	91,874	80,717	85,369	87,244
Charter Schools				10,159	10,798	10,577	42,644	44,124	91,530	98,035
Interest on long-term debt	6,226,759	7,500,473	7,336,122	6,968,976	6,018,896	6,634,839	6,962,815	7,156,193	6,612,537	6,469,745
Total governmental activities expenses	\$ 87,636,383	\$ 94,549,053	\$ 97,721,216	\$ 98,819,954	\$ 102,887,813	\$ 109,991,837	\$ 114,463,489	124,600,558	130,931,616	146,387,668
Business-type activities:										
Food service	\$ 1,729,601	\$ 1,744,196	\$ 1,777,740	\$ 1,860,674	\$ 2,095,513	\$ 2,378,916	\$ 2,398,194	\$ 2,557,892	\$ 2,504,782	\$ 3,164,826
Child Care Initiative						316,581	316,940	415,013	291,517	291,670
Falcon Care									416,060	\$ 412,468
Total business-type activities expense	\$ 1,729,601	\$ 1,744,196	\$ 1,777,740	\$ 1,860,674	\$ 2,095,513	\$ 2,695,496	\$ 2,715,134	\$ 2,972,905	\$ 3,212,359	\$ 3,868,964
Total district expenses	\$ 89,365,984	\$ 96,293,249	\$ 99,498,956	\$ 100,680,628	\$ 104,983,326	\$ 112,687,333	\$ 117,178,623	\$ 127,573,463	\$ 134,143,975	\$ 150,256,632

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	For Fiscal Year Ending June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental activities:										
Charges for services:										
Pupil transportation	\$ 187,026	\$ 196,579	\$ 204,062	\$ 211,277	\$ 249,993	\$ 298,524	\$ 340,594	\$ 194,932	\$ 189,190	\$ 286,091
Special schools	65,374	68,909	94,496	-	-	-	-	-	-	-
Operating grants and contributions	2,565,158	2,079,541	2,313,507	2,763,847	2,293,254	1,926,231	1,845,740	1,990,860	2,067,915	1,988,940
Total governmental activities program revenues	2,817,558	2,345,029	2,612,065	2,975,124	2,543,247	2,224,755	2,186,334	2,185,792	2,257,105	2,275,031
Business-type activities:										
Charges for services:										
Food service	\$ 1,422,785	\$ 1,398,331	\$ 1,432,346	\$ 1,521,277	\$ 1,756,731	\$ 1,821,472	\$ 1,954,294	\$ 2,027,559	\$ 2,103,508	\$ 2,114,632
Child Care Initiative						101,518	391,940	416,142	406,092	419,471
Falcon Care									828,202	883,178
Operating grants and contributions - food service	299,714	337,788	373,969	349,209	411,470	478,515	490,730	513,868	538,666	552,193
Total business type activities program revenues	1,722,498	1,736,119	1,806,315	1,870,486	2,168,201	2,401,506	2,836,964	2,957,569	3,876,668	3,969,474
Total district program revenues	\$ 4,540,056	\$ 4,081,148	\$ 4,418,380	\$ 4,845,610	\$ 4,711,448	\$ 4,626,261	\$ 5,023,298	\$ 5,143,361	\$ 6,133,773	\$ 6,244,505
Net (Expense)/Revenue										
Governmental activities	\$ (84,818,825)	\$ (92,204,025)	\$ (95,109,151)	\$ (95,844,829)	\$(100,344,566)	\$ (107,271,118)	\$ (112,277,154)	\$ (122,414,765)	\$ (128,674,511)	\$ (144,112,638)
Business-type activities	(7,103)	(8,077)	28,575	9,812	72,688	(293,991)	121,831	(15,336)	664,309	100,510
Total district-wide net expense	\$ (84,825,928)	\$ (92,212,102)	\$ (95,080,576)	\$ (95,835,017)	\$(100,271,878)	\$ (107,565,109)	\$ (112,155,323)	\$ (122,430,101)	\$ (128,010,202)	\$ (144,012,128)
General Revenues and Other Change in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 67,088,252	\$ 70,254,233	\$ 73,791,326	\$ 79,074,528	\$ 80,061,747	\$ 82,177,667	\$ 85,818,172	\$ 88,859,549	\$ 92,308,645	\$ 95,431,684
Taxes levied for debt service	4,489,648	4,754,318	5,303,802	8,125,967	9,643,475	7,572,846	5,875,093	7,139,140	9,863,973	10,212,065
Unrestricted grants and contributions	10,334,294	9,254,901	8,318,307	6,467,980	8,686,480	11,137,374	10,256,344	20,473,958	24,988,693	33,324,249
Restricted grants	192,324	6,642,167	3,895,283	1,786,926	-	-	11,200	-	-	-
Tuition Received	2,666,269	2,944,125	3,185,279	3,264,403	3,300,719	3,754,670	4,070,009	3,815,697	3,878,175	3,969,933
Investment earnings	4,448,574	1,846,823	203,080	59,075	13,367	9,291	15,129	10,507	21,857	51,784
Miscellaneous income	311,941	514,520	337,537	559,909	759,111	438,887	603,384	526,878	389,185	898,417
Transfers	(111,636)	61,604	(179,953)	(116,714)	(504,704)	(746,570)	(108,761)	60,671	(228,638)	-
Total governmental activities	\$ 89,419,666	\$ 96,272,691	\$ 94,854,661	\$ 99,222,074	\$ 101,960,194	\$ 104,344,165	\$ 106,540,571	\$ 120,886,400	\$ 131,221,890	\$ 143,888,132

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	For Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position (Continued)										
Business-type activities:										
Investment earnings			\$ 2,929	\$ 3,529	\$ 533	\$ 4,307	\$ 267	\$ 718	\$ 1,774	\$ 3,435
Transfers					760,000	(78,849)	(3,020)	17,100		
Total business-type activities	-	-	2,929	3,529	760,533	(74,542)	(2,753)	17,818	1,774	3,435
Total district-wide	<u>\$ 89,419,666</u>	<u>\$ 96,272,691</u>	<u>\$ 94,657,590</u>	<u>\$ 99,225,603</u>	<u>\$ 102,720,727</u>	<u>\$ 104,269,623</u>	<u>\$ 106,537,818</u>	<u>\$ 120,904,218</u>	<u>\$ 131,223,664</u>	<u>\$ 143,891,567</u>
Change in Net Position										
Governmental activities	\$ 4,600,841	\$ 4,068,666	\$ (254,490)	\$ 3,377,245	\$ 1,615,629	\$ (2,926,953)	\$ (5,736,583)	\$ (1,528,365)	\$ 2,547,379	\$ (224,506)
Business-type activities	(7,103)	(8,077)	31,504	13,341	833,221	(358,533)	119,078	2,482	666,083	103,945
Total district	<u>\$ 4,593,738</u>	<u>\$ 4,060,589</u>	<u>\$ (222,986)</u>	<u>\$ 3,390,586</u>	<u>\$ 2,448,849</u>	<u>\$ (3,295,486)</u>	<u>\$ (5,617,505)</u>	<u>\$ (1,525,883)</u>	<u>\$ 3,213,462</u>	<u>\$ (120,561)</u>

Source: CAFR Exhibit A-2

Note: 2015 includes pension expenses in accordance with GASB 68 related to pension liabilities (TPAF and PERS). Amounts from years prior to 2015 are not available.

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 13,358,632	\$ 12,023,313	\$ 9,766,871							
Unreserved	1,439,641	1,596,911	1,889,089							
Restricted				\$ 10,358,873	\$ 9,755,264	\$ 8,879,428	\$ 8,629,422	\$ 9,845,536	\$ 12,127,787	\$ 13,156,811
Assigned				51,380			25,403	141,499	30,481	94,352
Unassigned				1,704,181	1,817,610	1,850,674	1,882,627	1,689,076	1,722,747	1,817,941
Total general fund	\$ 14,798,273	\$ 13,620,224	\$ 11,655,960	\$ 12,114,434	\$ 11,572,874	\$ 10,730,102	\$ 10,537,452	\$ 11,676,111	\$ 13,881,015	\$ 15,069,104
All Other Governmental Funds										
Reserved	\$ 97,182,136	\$ 43,063,364	\$ 12,490,687							
Unreserved, reported in:										
Capital projects fund	22,926,414	20,902,806	18,985,477	\$ 16,771,455	\$ 8,916,018	\$ 8,554,269	\$ 2,790,427	\$ 273,087		
Debt service fund	8,297,627	5,255,448	1,717,698	186,344	220,521	329,076	161,256	7,221	\$ 256,728	\$ 255,427
Restricted:										
Debt service fund										
Total all other governmental funds	\$ 128,406,177	\$ 69,221,618	\$ 33,193,862	\$ 16,957,799	\$ 9,136,539	\$ 8,883,345	\$ 2,951,683	\$ 280,308	\$ 256,728	\$ 255,427

Source: CAFR Schedule B-1

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1.M. in the basic financial statements). Prior years have not been restated above and are not required to be.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 71,577,900	\$ 75,008,551	\$ 79,095,128	\$ 87,200,495	\$ 89,705,222	\$ 89,750,513	\$ 91,693,265	\$ 95,998,689	\$ 102,172,618	\$ 105,643,749
Tuition charges	2,666,268	2,944,125	3,185,279	3,264,403	3,300,719	3,754,670	4,070,009	3,815,697	3,878,175	3,969,933
Transportation charges	187,026	196,579	204,062	211,277	249,993	298,524	340,594	194,932	189,190	286,090
Interest earnings	3,677,402	1,586,284	203,080	35,734	8,801	4,115	5,939	1,302	397	2,501
Miscellaneous	1,148,487	850,152	432,034	571,552	765,303	439,887	612,575	536,084	414,128	958,217
State sources	11,647,958	10,053,283	9,120,837	7,132,835	9,174,943	11,751,973	10,895,462	12,213,339	13,756,126	15,159,212
Federal sources	1,251,495	1,269,225	1,537,161	2,098,992	1,803,166	1,310,632	1,217,822	1,359,084	1,457,829	1,440,848
Total revenue	92,156,536	91,908,199	93,777,581	100,515,288	105,008,147	107,310,315	108,835,666	114,119,127	121,868,463	127,460,550
Expenditures										
Instruction										
Regular Instruction	26,623,411	30,311,043	30,234,530	28,622,598	29,318,906	29,158,065	28,592,390	29,950,989	30,721,366	31,993,540
Special education instruction	5,184,609	6,092,150	6,828,472	7,061,676	8,087,176	8,629,252	9,310,546	9,732,304	10,034,899	10,874,805
Other special instruction	574,344	723,772	772,902	890,625	889,527	774,403	820,608	1,008,261	975,942	885,052
Other instruction	1,328,377	1,396,509	1,436,292	1,354,715	1,395,536	1,491,099	1,495,876	1,538,724	1,570,466	1,572,266
Support Services:										
Tuition	3,097,014	2,670,563	2,814,218	2,889,683	1,965,338	2,038,153	2,182,438	2,284,829	2,469,164	2,385,180
Student & inst. related services	6,672,138	7,719,969	8,001,782	8,149,641	8,351,871	8,619,985	8,949,537	9,587,595	9,307,549	9,865,245
General administration	1,628,225	2,880,625	2,712,150	2,717,712	3,002,151	2,995,683	4,029,908	3,104,418	3,278,952	3,305,971
School administrative services	3,287,854	3,185,073	3,394,392	3,371,896	3,668,059	3,812,945	3,672,309	3,512,783	3,803,672	3,783,502
Central services	746,120	796,712	826,103	707,282	842,382					
Admin. information technology	567,032	633,199	584,168	656,660	730,230					
Plant operations and maintenance	6,036,935	5,186,721	5,279,398	5,501,310	6,120,121	8,026,382	8,524,592	8,543,736	8,763,604	8,360,552
Pupil transportation	5,954,039	5,288,924	5,260,571	5,572,723	6,035,620	5,699,102	7,122,557	7,447,418	8,028,447	8,570,580
Other Support Services										
Employee benefits	16,936,644	18,338,196	20,374,110	22,875,554	24,091,815	27,261,510	27,094,314	26,983,473	27,732,154	32,076,424
Special Schools	105,654	170,691	202,595	79,025	59,325	59,411	62,969	51,785	53,166	49,826
Charter Schools				10,159	10,798	10,577	42,644	44,124	91,530	98,035
Capital outlay	26,381,066	57,325,622	33,235,678	15,347,346	8,661,667	1,999,680	2,121,141	2,477,229	2,713,990	2,110,441
Debt service:										
Principal	2,588,248	2,795,917	3,014,919	3,318,921	3,651,589	4,145,591	3,770,927	4,160,000	4,795,000	5,065,000
Interest and other charges	5,510,670	7,377,097	7,278,717	7,130,119	6,654,946	5,984,416	6,462,507	6,317,112	5,772,641	5,766,812
Total expenditures	113,222,380	152,892,784	132,250,997	116,257,644	113,537,056	110,706,253	114,255,263	116,744,780	120,112,342	126,763,231
Excess (Deficiency) of revenues over (under) expenditures	(21,065,844)	(60,984,586)	(38,473,416)	(15,742,357)	(8,528,909)	(3,395,938)	(5,419,597)	(2,625,653)	1,756,121	697,319

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing sources (uses)										
Proceeds from borrowing	\$ 41,900,000			\$ (231,076)		\$ (30)				
Appropriation of Prior Year State Aid										
Capital leases (non-budgeted)	2,733,100	\$ 662,698	\$ 481,396	184,145	\$ 166,091	300,000	\$ 1,295,285	\$ 1,092,886	\$ 425,255	\$ 489,469
Proceeds from refunding				11,699						
Transfers out		(40,722)								
Total other financing sources (uses)	<u>44,633,100</u>	<u>621,976</u>	<u>481,396</u>	<u>(35,232)</u>	<u>166,091</u>	<u>299,970</u>	<u>1,295,285</u>	<u>1,092,886</u>	<u>425,255</u>	<u>489,469</u>
Net change in fund balances	<u>\$ 23,567,256</u>	<u>\$ (60,362,610)</u>	<u>\$ (37,992,020)</u>	<u>\$ (15,777,589)</u>	<u>\$ (8,362,818)</u>	<u>\$ (3,095,968)</u>	<u>\$ (4,124,312)</u>	<u>\$ (1,532,767)</u>	<u>\$ 2,181,376</u>	<u>\$ 1,186,788</u>
Debt service as a percentage of noncapital expenditures	9.33%	10.64%	10.40%	10.35%	9.83%	9.32%	9.13%	9.17%	9.00%	8.69%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2008	\$ 771,172	\$ 377,315	\$ 1,148,487
2009	262,939	575,279	838,218
2010	63,526	422,387	485,913
2011	35,734	571,552	607,286
2012	8,801	763,677	772,478
2013	5,175	433,712	438,887
2014	9,219	603,384	612,603
2015	4,464	531,620	536,084
2016	21,460	389,185	410,645
2017	51,783	898,417	950,200

Source: District records

REVENUE CAPACITY

**TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2008	152,463,100	2,913,669,300	31,458,000	3,746,300	276,162,300	198,178,200	29,159,300	3,604,836,500	127,678,300	4,621,929	3,737,136,729	7,777,325,718	2.031
2009	130,459,900	3,019,488,800	34,860,900	3,673,200	319,083,000	197,669,200	29,159,300	3,734,394,300	129,599,900	4,934,373	3,868,928,573	9,188,101,958	2.061
2010	102,760,000	3,065,877,200	33,575,800	3,744,500	313,467,900	195,152,000	37,972,300	3,752,549,700	131,293,100	5,739,066	3,889,581,866	7,865,019,985	2.213
2011	107,668,500	3,009,765,100	33,155,200	3,491,300	285,093,200	204,423,900	37,972,300	3,681,569,500	136,280,700	5,533,590	3,823,383,790	6,957,329,654	2.399
2012	89,231,504	2,985,402,625	33,116,500	3,498,900	263,908,300	206,613,100	21,911,500	3,603,682,429	177,362,400	5,274,912	3,786,319,741	6,975,769,317	2.486
2013	89,714,800	3,020,005,205	34,127,200	3,461,400	245,767,236	192,150,800	21,911,500	3,607,138,141	181,458,000	4,970,634	3,793,566,775	6,989,065,251	2.511
2014	226,074,400	5,614,354,700	67,333,600	3,268,700	580,187,900	446,243,700	36,224,800	6,975,687,800	301,971,500	9,590,058	7,287,249,358	6,719,653,264	1.344
2015	261,081,900	5,765,927,000	67,016,700	2,934,800	548,020,200	447,836,200	36,224,800	7,129,041,600	304,849,900	9,095,172	7,442,986,672	7,373,011,854	1.389
2016	218,725,500	5,959,240,000	67,296,700	2,815,700	559,241,900	447,471,700	36,224,800	7,291,016,300	306,165,600	8,339,362	7,605,521,262	8,097,648,564	1.424
2017	197,654,600	6,162,460,000	68,177,600	2,993,100	549,722,800	441,727,700	36,224,800	7,458,960,600	314,637,100	8,160,744	7,781,758,444	8,647,586,697	1.433

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests the Municipality to do so.

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

b Tax rates are per \$100 of assessed valuation

c Revaluation effective for 2014

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

Fiscal Year Ended June 30,	Township of Monroe School District Direct Rate (From J-6)			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate ^c	Municipality of Monroe	County of Middlesex	
2008	1.904	0.127	2.031	0.648	0.615	3.294
2009	1.926	0.135	2.061	0.649	0.658	3.368
2010	2.065	0.148	2.213	0.684	0.613	3.510
2011	2.141	0.258	2.399	0.697	0.600	3.696
2012	2.275	0.211	2.486	0.933	0.672	4.091
2013	2.350	0.161	2.511	0.919	0.695	4.125
2014	1.244	0.100	1.344	0.505	0.371	2.220
2015	1.255	0.134	1.389	0.506	0.410	2.305
2016	1.286	0.138	1.424	0.508	0.433	2.365
2017	1.298	0.135	1.433	0.509	0.458	2.400

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b Rates for debt service are based on each year's requirements.
- c Tax rates are per \$100 of assessed valuation.
- d Revaluation effective for 2014

**TOWNSHIP OF MONROE SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND TEN (10) YEARS AGO
 (UNAUDITED)**

	2017				2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Costco Wholesale Corporation	\$ 114,784,900	1	1.54%	Costco Wholesale Corporation	\$ 48,025,800	1	1.33%
Centerpoint Barnes LLC	82,871,200	2	1.11%	Utah St.Retirement	46,715,100	2	1.30%
Noble House of NJ	55,990,300	3	0.75%	Mutuals 1,2,3 of New Jersey	29,159,300	3	0.81%
Presbyterian Homes at Monroe	35,304,200	4	0.47%	Presbyterian Homes at Monroe	25,568,800	4	0.71%
EJC 24 Engelhard LLC	28,392,800	5	0.38%	CP Commercial Properties	24,800,000	5	0.69%
Whiting Shopping Center Assoc. LLP	23,987,200	6	0.32%	Toll Brothers NJ	22,037,400	6	0.61%
Prologis	21,084,400	7	0.28%	Monroe Mannor, Inc.	21,546,500	7	0.60%
Matrix 26 South Middlesex LLC	18,167,800	8	0.24%	Stratford Developers, LLC	20,605,600	8	0.57%
Jamesburg Hospitality LLC	16,908,600	9	0.23%	EJC 24 Engelhard, LLC	16,966,900	9	0.47%
Principal Life	15,417,800	10	0.21%	Concordia Holdings, LLC	12,128,400	10	0.34%
Total	\$ 412,909,200		5.54%		\$ 267,553,800		7.43%
Total Assessed Value	\$ 7,458,960,600			Total Assessed Value	\$ 3,604,836,500		

Source: Municipal Tax Assessor
 Revaluation effective for 2014

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL TAX LEVIES AND COLLECTIONS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended June 30,</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 71,577,900	\$ 71,577,900	100.00%	-
2009	75,008,551	75,008,551	100.00%	-
2010	79,095,128	79,095,128	100.00%	-
2011	87,200,495	87,200,495	100.00%	-
2012	89,705,222	89,705,222	100.00%	-
2013	89,750,513	89,750,513	100.00%	-
2014	91,693,265	91,693,265	100.00%	-
2015	95,998,689	95,998,689	100.00%	-
2016	102,172,618	102,172,618	100.00%	-
2017	105,643,749	105,643,749	100.00%	-

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

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

DEBT CAPACITY

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	<u>Total District</u>	Percentage of Personal Income ^a	<u>Per Capita ^a</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Capital Leases</u>			
2008	\$ 166,231,861	\$ 4,311,183	\$ -	\$ 170,543,044	16.61%	4,648
2009	163,435,945	3,676,351	-	167,112,296	16.27%	4,555
2010	160,421,026	2,637,654	-	163,058,680	15.90%	4,453
2011	155,992,106	1,826,021	-	157,818,127	8.51%	4,301
2012	151,666,517	1,087,333	-	152,753,850	8.23%	3,903
2013	147,520,927	819,345	-	148,340,272	8.98%	3,770
2014	143,750,000	1,777,221	-	145,527,221	8.91%	3,761
2015	136,915,000	2,406,646	-	139,321,646	8.45%	3,560
2016	132,120,000	2,485,353	-	134,605,353	8.20%	3,440
2017	127,055,000	3,699,334	-	130,754,334	7.96%	3,116

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

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value ^a of</u> <u>Property</u>	<u>Per Capita</u> <u>^b</u>
2008	\$ 166,231,861	\$ -	\$ 166,231,861	4.44%	\$ 4,648
2009	163,435,945	-	163,435,945	4.22%	4,555
2010	160,421,026	-	160,421,026	4.14%	4,453
2011	155,992,106	-	155,992,106	4.07%	4,301
2012	151,666,517	-	151,666,517	4.00%	3,875
2013	147,520,927	-	147,520,927	3.88%	3,770
2014	143,750,000	-	143,750,000	1.97%	3,673
2015	136,915,000	-	136,915,000	1.84%	3,498
2016	132,120,000	-	132,120,000	1.86%	3,376
2017	127,055,000	-	127,055,000	1.63%	3,028

Notes:

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a See Exhibit J-6 for property tax data.
- b Population data can be found in Exhibit J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Monroe, Net	\$ 67,825,925	100.000%	\$ 67,825,925
County of Middlesex, Net	525,985,481	8.3497%	<u>43,918,210</u>
Subtotal, overlapping debt			\$ 111,744,135
Township of Monroe District Direct Debt -			
Bonds Issued and Outstanding	\$ 127,055,000		
Bonds and Notes Authorized but not Issued	None		<u>\$ 127,055,000</u>
Total direct and overlapping debt			<u><u>\$ 238,799,135</u></u>

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

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

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

**TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LEGAL DEBT MARGIN INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis

2016	\$ 8,437,699,688
2015	7,902,717,659
2014	<u>7,199,037,977</u>

\$ 23,539,455,324

Average equalized valuation of taxable property

\$ 7,846,485,108

Debt limit (4 % of average equalization value)

313,859,404 ^a

Total Net Debt Applicable to Limit

127,055,000

Legal debt margin

\$ 186,804,404

	Fiscal Year									
	<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>2017</u>
Debt limit	\$301,715,239	\$ 301,715,239	\$ 313,154,899	\$305,591,336	\$ 293,516,283	\$ 277,745,152	\$ 272,213,213	\$ 273,179,880	\$ 290,175,163	\$ 313,859,404
Total net debt applicable to limit	<u>181,400,296</u>	<u>177,079,924</u>	<u>169,491,617</u>	<u>158,964,844</u>	<u>154,639,255</u>	<u>147,520,927</u>	<u>143,750,000</u>	<u>136,915,000</u>	<u>132,120,000</u>	<u>127,055,000</u>
Legal debt margin	<u>\$ 120,314,943</u>	<u>\$ 124,635,315</u>	<u>\$ 143,663,282</u>	<u>\$ 146,626,492</u>	<u>\$ 138,877,028</u>	<u>\$ 130,224,225</u>	<u>\$ 128,463,213</u>	<u>\$ 136,264,880</u>	<u>\$ 158,055,163</u>	<u>\$ 186,804,404</u>
Total net debt applicable to the limit as a percentage of debt limit	60.12%	58.69%	54.12%	52.02%	52.69%	53.11%	52.81%	50.12%	45.53%	40.47%

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	27,999	\$ 889,584,228	\$ 31,772	4.70%
2009	27,999	889,584,228	31,772	6.30%
2010	27,999	889,584,228	31,772	10.40%
2011	39,132	1,641,939,588	41,959	11.10%
2012	39,132	1,641,939,588	41,959	9.80%
2013	39,132	1,641,939,588	41,959	10.20%
2014	39,132	1,641,939,588	41,959	8.70%
2015	39,132	1,641,939,588	41,959	6.50%
2016	39,132	1,641,939,588	41,959	4.60%
2017	39,132	1,641,939,588	41,959	4.20%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census for 2008 to 2010 and the 2010 Census for 2011 to 2017 by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development Annual Average Prior December 31.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Rhodia				
Costco Wholesale Group				
Grainger Industries				
The LTA Group				
Setco Corp				
Davlyn Industries				
Barnes & Noble				
DLTA				
	<u>N/A</u>		<u>N/A</u>	

NOT AVAILABLE

OPERATING INFORMATION

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Function/Program</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>2017</u>
Instruction										
Regular	434	490	478	462	460	462	462	461	463	470
Special education	166	172	176	170	174	176	174	175	175	176
Other special education	2	2	2	2	2	2	2	2	2	2
Support Services:										
Student & instruction related services	52	53	55	54	58	58	58	61	62	64
General administration	1	1	1	1	1	1	1	1	1	1
School administrative services	14	16	16	16	16	16	15	16	16	16
Other administrative services	38	40	38	37	37	37	35	35	36	36
Central services	9	9	9	9	10	10	10	11	12	12
Administrative Information Technology	10	11	10	13	14	14	14	12	14	14
Plant operations and maintenance	60	66	65	74	69	70	70	70	71	72
Pupil transportation	43	50	65	57	52	52	54	52	54	55
Total	829	910	915	895	893	898	895	896	906	918

Source: District Personnel Records

**TOWNSHIP OF MONROE SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 OPERATING STATISTICS
 LAST TEN (10) FISCAL YEARS
 (UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Attendance			
						Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	5,125	78,742,396	15,364	37.76%	532.00	1:23	1:28	1:26	5137.0	4,882	63.34%	95.04%
2009	5,398	85,394,148	15,820	2.96%	560.00	1:23	1:28	1:26	5381.0	5,137	4.75%	95.47%
2010	5,554	88,721,683	15,974	0.98%	566.00	1:23	1:28	1:26	5505.0	5,264	2.30%	95.62%
2011	5,685	90,461,721	15,912	-0.39%	555.00	1:23	1:28	1:26	5661.0	5,389	2.83%	95.20%
2012	5,893	94,568,854	16,048	0.85%	555.00	1:23	1:28	1:26	5867.0	5,606	3.64%	95.55%
2013	6,079	98,576,566	16,216	1.05%	574.00	1:23	1:28	1:26	6032.0	5,760	2.81%	95.49%
2014	6,143	101,900,688	16,588	2.30%	562.00	1:23	1:30	1:26	6137.0	5,876	1.74%	95.75%
2015	6,310	103,790,440	16,449	-0.84%	579.00	1:23	1:30	1:26	6334.0	6,040	3.21%	95.36%
2016	6,492	106,830,711	16,456	0.04%	592.00	1:24	1:30	1:27	6492.0	6,267	2.49%	96.53%
2017	6,649	113,820,978	17,119	4.03%	602.00	1:24	1:30	1:27	6740.0	6,492	3.82%	96.32%

Sources: District records

Note: Enrollment based on annual October district count as related in the Application for State School Aid (ASSA).

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL BUILDING INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary										
Applegarth										
Square Feet						63,251	57,831	57,831	57,831	57,831
Capacity (students)						681.24	340	340	340	340
Enrollment						286	349	360	321	369
Barclay Brook										
Square Feet	59,237	59,237	59,237	59,237	59,237	59,237	59,237	59,237	59,237	59,237
Capacity (students)	466.41	466.41	466.41	466.41	466.41	466.41	466.41	466.41	466.41	466.41
Enrollment	718	510	525	480	436	424	397	370	364 *	359 *
Brookside										
Square Feet	73,802	73,802	73,802	73,802	73,802	59,406	59,406	59,406	59,406	59,406
Capacity (students)	862.45	862.45	862.45	862.45	862.45	456.00	456.00	456.00	456.00	456.00
Enrollment	967	687	669	680	528	540	478	465	423	425
Woodland										
Square Feet	55,368	55,368	55,368	55,368	55,368	55,368	55,368	55,368	55,368	55,368
Capacity (students)	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
Enrollment	486	505	514	512	520	521	496	455	402	415
Mill Lake										
Square Feet	73,075	73,075	73,075	73,075	73,075	73,075	73,075	73,075	73,075	73,075
Capacity (students)	554.20	554.20	554.20	554.20	554.20	554.20	554.20	554.20	554.20	554.20
Enrollment	674	658	670	658	431	421	387	387	642 *	600 *
Oak Tree										
Square Feet		81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750
Capacity (students)		599.00	599.00	599.00	599.00	599.00	599.00	599.00	599.00	599.00
Enrollment		664	741	823	808	583	619	704	623 *	690 *
Middle School										
Square Feet	62,351	62,351	62,351	62,351	199,068	199,068	199,068	199,068	199,068	199,068
Capacity (students)	681.24	681.24	681.24	681.24	1260.00	1260.00	1260.00	1260.00	1425.00 **	1425.00 **
Enrollment	767	805	799	861	1,386	1,382	1,455	1,527	1,628	1,719
High School										
Monroe High School										
Square Feet	199,068	199,068	199,068	199,068	382,699	382,699	382,699	382,699	382,699	382,699
Capacity (students)	1,337.90	1,337.90	1,337.90	1,337.90	1800.00	1800.00	1800.00	1800.00	1800.00	1800.00
Enrollment	1,525	1,552	1,587	1,647	1,758	1,875	1,956	2,067	2,089	2,162

Number of Buildings at June 30, 2017
 Elementary Schools = 6
 Middle School = 1
 High School = 1

Source: District Facilities Office

Note: Enrollment is based on the average daily enrollment (ADE).

* The District implemented a redistricting of the elementary attendance zones in September of 2015 to more efficiently balance enrollment.
 ** The middle school had renovations for September of 2015 creating 11 new instructional classrooms out of support spaces.

TOWNSHIP OF MONROE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED MAINTENANCE
FOR SCHOOL FACILITIES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

* School Facilities		Barclay Brook	Brookside	Woodland	Mill Lake	Applegarth	Monroe M.S.	Oak Tree	MTHS	Total
Year	Project # (s)									
2008	N/A	\$ 384,001	\$ 210,241	\$ 133,053	\$ 107,988	\$ 241,744	\$ 498,127	N/A	-	\$ 1,575,154
2009	N/A	399,205	119,620	131,508	94,780	149,555	398,239	\$ 165,452	-	1,458,359
2010	N/A	347,938	123,254	144,051	96,675	112,039	368,643	143,261	-	1,335,861
2011	N/A	324,209	107,664	148,375	103,955	135,677	413,838	163,123	-	1,396,841
2012	N/A	307,058	79,263	111,777	83,144	130,369	275,560	133,636	\$ 550,837	1,671,644
2013	N/A	102,313	127,470	95,631	126,214	107,692	343,827	141,197	660,991	1,705,335
2014	N/A	90,882	112,480	84,946	112,113	95,660	305,413	125,422	587,142	1,514,058
2015	N/A	94,297	117,482	88,138	116,325	99,254	316,887	130,134	609,198	1,571,715
2016	N/A	91,390	113,860	85,421	112,739	96,194	307,119	126,122	590,421	1,523,266
2017	N/A	79,955	99,614	74,733	98,632	84,158	268,690	110,341	516,545	1,332,668
Total School Facilities		\$ 2,221,248	\$ 1,210,948	\$ 1,097,633	\$ 1,052,565	\$ 1,252,342	\$ 3,496,343	\$ 1,238,688	\$ 3,515,134	\$ 15,084,901

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

Source: District records

BOARD OF EDUCATION
MONROE TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
MULTI PERIL PACKAGE POLICY		
Property		
Blanket Building and Contents	\$ 239,973,766	\$ 10,000
Equipment Breakdown (boiler & machinery)	100,000,000	10,000
Valuable Papers & Records	10,000,000	10,000
Extra Expense	50,000,000	10,000
Liability		
Each Occurrence	31,000,000	
Aggregate	31,000,000	
Fire Damage Legal Liability	1,000,000	
Medical Expense	10,000	
Employee Benefits Liability		
Each Occurrence/Aggregate	1,000,000	1,000
Cyber Liability (Privacy/Network/Internet)	1,000,000	
Sexual Abuse	17,000,000	
Crime		
Employee Dishonesty/Faithful Performance	100,000	500
Forgery & Alteration	100,000	500
Computer Fraud	100,000	500
Money & Securities	25,000	500
Money Orders/Counterfeit Paper Currency	25,000	500
Inland Marine - Misc. Articles Floater		
Cameras	50,000	1,000
Musical Instruments	500,000	1,000
Mobile Equipment	500,000	1,000
EDP - Hardware/Software/Extra Expense	2,802,962	1,000
BUSINESS AUTOMOBILE POLICY		
Each Accident (Bodily Injury & Property Damage)	31,000,000	
Medical Payments	10,000	
Uninsured/Underinsured Motorists Liability	31,000,000	
Garagekeepers Liability	Included	
Physical Damage Coverage		
Comprehensive	Actual Cash Value	1,000
Collision	Actual Cash Value	1,000

BOARD OF EDUCATION
MONROE TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
WORKERS COMPENSATION POLICY		
Section A - Statutory	New Jersey	
Section B - Employers Liability		
Bodily Injury by Accident - Each Accident	\$ 2,000,000	
Bodily Injury by disease - Each Employee	2,000,000	
Bodily Injury by Disease - Policy Limit	2,000,000	
SUPPLEMENTARY WORKERS COMPENSATION POLICY		
Limit of Liability	1,750 per week	7 Days
SCHOOL BOARD LEGAL LIABILITY POLICY		
Coverage A - Each Policy Period	31,000,000	\$ 15,000
Coverage B - Limit of Liability - Each claim	100,000	
Coverage B - Limit of Liability - Aggregate	300,000	15,000
STUDENT ACCIDENT POLICY		
Limit	5,000,000	
BONDS		
Treasurer of School Monies	1,000,000	
Board Secretary/School Business Administrator	750,000	
Accounting Supervisor	750,000	
Bookkeeping Coordinator	750,000	
POLLUTION LIABILITY/STORAGE TANK LIABILITY POLICY		
Limit of Liability	1,000,000	10,000
Aggregate - for all storage tanks	2,000,000	
Aggregate - for all legal defense expenses	2,000,000	
Total Policy Aggregate	4,000,000	

SINGLE AUDIT SECTION

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Exhibit K-1
Sheet 1 of 2

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

Honorable President and Members
of the Board of Education
Township of Monroe Board of Education
County of Middlesex, 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 as 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 Township of Monroe Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Township of Monroe Board of Education's basic financial statements, and have issued our report thereon dated November 7, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

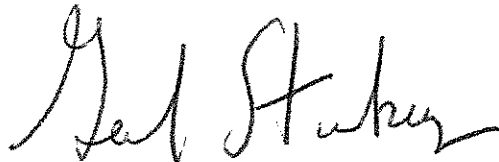
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Compliance and Other Matters

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 7, 2017

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Exhibit K-2
Sheet 1 of 3

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08**

The Honorable President and Members
of the Board of Education
Township of Monroe Board of Education
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Monroe Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2017. The Township of Monroe School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Monroe Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Township of Monroe Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08
(CONTINUED)**

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

Opinion on Each Major Federal and State Program

In our opinion, the Township of Monroe Board of Education 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 year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Township of Monroe Board of Education 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 Township of Monroe Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Monroe Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08
(CONTINUED)**

Purpose of Report

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 Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

November 7, 2017
Freehold, New Jersey

**BOARD OF EDUCATION
TOWNSHIP OF MONROE, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Accounts Receivable Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Balance, June 30, 2017	
				From	To				(Accounts Receivable)	Deferred Revenue
U.S. Department of Education:										
General fund										
Medical Assistance Program	93.778	1705NJ5MAP	\$ 80,871.75	7/1/2016	6/30/2017		\$ 80,871.75	\$ (80,871.75)		
Total General Fund							\$ 80,871.75	\$ (80,871.75)		
U.S. Department of Education										
Passed - Through State Department of Education:										
Special Revenue Fund:										
Title I Part A	84.010A	S010A160030	\$ 149,720.00	7/1/2016	6/30/2017		\$ 149,720.00	\$ (149,720.00)		
Title I Part A	84.010A	S010A150030	151,800.00	7/1/2015	6/30/2016	\$ (56,835.00)	56,835.00			
Title II, Part A	84.367A	S367A160029	45,427.00	7/1/2016	6/30/2017		45,427.00	(45,427.00)		
Title III	84.365A	S365A160030	15,001.00	7/1/2016	6/30/2017		15,001.00	(15,001.00)		
Title III, Immigrant	84.365A	S365A160030	4,009.00	7/1/2016	6/30/2017		4,009.00	(4,009.00)		
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	1,100,678.00	7/1/2016	6/30/2017		1,100,678.00	(1,100,678.00)		
I.D.E.A. Part B, Preschool	84.173	H173A160114	45,141.00	7/1/2016	6/30/2017		45,141.00	(45,141.00)		
Total U.S. Department of Education						(56,835.00)	\$ 1,416,811.00	\$ (1,359,976.00)		
Total Special Revenue Fund						(56,835.00)	\$ 1,416,811.00	\$ (1,359,976.00)		
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Enterprise Fund:										
Food Distribution Program	10.555	171NJ304N1099	\$ 160,638.97	7/1/2016	6/30/2017		\$ 160,638.97	\$ (146,073.99)		\$ 14,564.98
Food Distribution Program	10.555	161NJ304N1099	180,335.16	7/1/2015	6/30/2016	\$ 19,878.91		(19,878.91)		
National School Lunch Program	10.555	171NJ304N1099	336,777.44	7/1/2016	6/30/2017		316,320.50	(336,777.44)	\$ (20,456.94)	
National School Lunch Program	10.555	161NJ304N1099	305,407.22	7/1/2015	6/30/2016	(18,321.51)	18,321.51			
Healthy Hunger Free Kids Act-PB Lunch	10.555	171NJ304N1099	31,435.44	7/1/2016	6/30/2017		29,516.82	(31,435.44)	(1,918.62)	
Healthy Hunger Free Kids Act-PB Lunch	10.555	161NJ304N1099	29,907.84	7/1/2015	6/30/2016	(1,813.38)	1,813.38			
Special Milk Program	10.556	171NJ304N1099	1,412.99	7/1/2016	6/30/2017		1,304.21	(1,412.99)	(108.78)	
Special Milk Program	10.556	161NJ304N1099	1,728.47	7/1/2015	6/30/2016	(124.86)	124.86			
Total Enterprise Fund						\$ (380.84)	\$ 528,040.25	\$ (535,578.77)	\$ (22,484.34)	\$ 14,564.98
Total Federal Financial Assistance						\$ (57,215.84)	\$ 2,025,723.00	\$ (1,976,426.52)	\$ (22,484.34)	\$ 14,564.98

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
TOWNSHIP OF MONROE, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2016		Cash Received	Budgetary (Expenditures)	Balance, June 30, 2017		MEMO	
				(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education: General Fund:											
Categorical Special Ed Aid	17-495-034-5120-089	\$ 1,976,819.00	7/1/2016 - 6/30/2017			\$ 1,976,819.00	\$ (1,976,819.00)			\$ 166,452.00	\$ (1,976,819.00)
Categorical Transportation Aid	17-495-034-5120-014	570,717.00	7/1/2016 - 6/30/2017			570,717.00	(570,717.00)			48,055.00	(570,717.00)
Categorical Security Aid	17-495-034-5120-084	103,764.00	7/1/2016 - 6/30/2017			103,764.00	(103,764.00)			8,737.00	(103,764.00)
PARCC Readiness Aid	17-495-034-5120-098	58,980.00	7/1/2016 - 6/30/2017			58,980.00	(58,980.00)			4,966.00	(58,980.00)
Pep Pupil Growth Aid	17-495-034-5120-097	58,980.00	7/1/2016 - 6/30/2017			58,980.00	(58,980.00)			4,966.00	(58,980.00)
Professional Learning Community Aid	17-495-034-5120-101	62,515.00	7/1/2016 - 6/30/2017			62,515.00	(62,515.00)			5,264.00	(62,515.00)
Host District Support Aid	17-495-034-5120-102	403.00	7/1/2016 - 6/30/2017			403.00	(403.00)			34.00	(403.00)
Extraordinary Special Education Aid	17-100-034-5120-473	412,558.00	7/1/2016 - 6/30/2017				(412,558.00)	\$ (412,558.00)			(412,558.00)
Extraordinary Special Education Aid	16-100-034-5120-473	382,733.00	7/1/2015 - 6/30/2016	\$ (382,733.00)		382,733.00					
Non Public Transportation	17-495-034-5120-014	49,870.00	7/1/2016 - 6/30/2017				(49,870.00)	(49,870.00)			(49,870.00)
Non Public Transportation	16-495-034-5120-014	52,407.00	7/1/2015 - 6/30/2016	(52,407.00)		52,407.00					
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	3,135,599.61	7/1/2016 - 6/30/2017			3,135,599.61	(3,135,599.61)				(3,135,599.61)
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-002	4,421,362.00	7/1/2016 - 6/30/2017			4,421,362.00	(4,421,362.00)				(4,421,362.00)
On Behalf - TPAF - Post Retirement Medical	17-495-034-5094-001	3,684,000.00	7/1/2016 - 6/30/2017			3,684,000.00	(3,684,000.00)				(3,684,000.00)
On Behalf - TPAF - Non-contributory Insurance	17-495-034-5094-004	9,763.00	7/1/2016 - 6/30/2017			9,763.00	(9,763.00)				(9,763.00)
Total General Fund				\$ (435,140.00)		\$ 14,518,042.61	\$ (14,545,330.61)	\$ (462,428.00)		\$ 238,474.00	\$ (14,545,330.61)
Debt Service Fund:											
Debt Service Aid Type II	17-495-034-5120-075	\$ 618,446.00	7/1/2016 - 6/30/2017			\$ 618,446.00	\$ (618,446.00)				\$ (618,446.00)
Total Debt Service Fund						\$ 618,446.00	\$ (618,446.00)				\$ (618,446.00)

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION
TOWNSHIP OF MONROE, COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2015		Cash Received	Budgetary (Expenditures)	Balance, June 30, 2017		MEMO		
				(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Agriculture Enterprise Fund:												
National School Lunch Program (State Share)	17-100-010-3350-023	\$ 21,927.82	7/1/2016 - 6/30/2017			\$ 20,590.18	\$ (21,927.82)	\$ (1,337.64)		\$	(21,927.82)	
National School Lunch Program (State Share)	16-100-010-3350-023	\$ 21,487.06	7/1/2015 - 6/30/2016	\$ (1,262.29)		1,262.29						
Total Enterprise Fund				\$ (1,262.29)		\$ 21,852.47	\$ (21,927.82)	\$ (1,337.64)		\$	(21,927.82)	
Total State Financial Assistance				\$ (436,402.29)		\$ 15,158,341.08	\$ (15,185,704.43)	\$ (463,765.64)		\$	238,474.00	\$ (15,185,704.43)
Less On-behalf TPAF:												
Pension	17-495-034-5094-002						\$ 4,421,362.00					
Post-Retirement Medical	17-495-034-5094-001						3,684,000.00					
Non Contributory Insurance	17-495-034-5094-004						9,763.00					
Total for State Assistance Major Program							\$ (7,070,579.43)					

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Monroe School District. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and *New Jersey State Aid/Grant Compliance Supplement* (NJOMB 15-08). The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance and *New Jersey State Aid/Grant Compliance Supplement* (NJOMB 15-08). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2017

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-4.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) of twenty (20) 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A.18A:22-4.2.

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis was an increase of \$4,565.00 for the general fund and none for the special revenue fund. See Note 1 (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 basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 80,871.75	\$ 14,540,765.61	\$ 14,621,637.36
Special Revenue Fund	1,359,976.00		1,359,976.00
Debt Service Fund		618,446.00	618,446.00
Food Service Fund	<u>530,264.84</u>	<u>21,927.82</u>	<u>552,192.66</u>
Total Awards and Assistance	<u>\$ 1,971,112.59</u>	<u>\$ 15,181,139.43</u>	<u>\$ 17,152,252.02</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding.

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2017

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

7. INDIRECT COSTS

The District did not use the 10% di minimus indirect cost rate.

BOARD OF EDUCATION
TOWNSHIP OF MONROE SCHOOL DISTRICT, COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FOR THE YEAR ENDED JUNE 30, 2016:

There were no findings for the year ended June 30, 2016.