

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Montville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Montville Township Public Schools

Montville, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION



Montville Township Public Schools™

EDUCATE. INSPIRE. EMPOWER.

October 24, 2017

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Montville Township Public Schools for the fiscal year June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests on the management of the Montville Township Public Schools. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the district's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditor's report. The district is required to undergo an annual single audit in conformity with the provisions of U.S. Uniform Guidance and N.J. State Treasury Circular Letter 15-08 OMB, 'Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments.' Information related to this single audit, including the auditor's report on internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES: Montville Township Public Schools constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (the "GASB"). All funds of the Board are included in the report. The Montville Township Public Schools now operates a full range of educational services appropriate to grade levels K through 12. The district completed the 2016-2017 fiscal year with an average daily enrollment of 3,704 students, including out-of-district

placements, which is 69 students less than that of the previous year. The following details the changes in student enrollment of the last ten years:

Fiscal Year	Student Enrollment	Percent Change
2016-2017	3704	-1.8%
2015-2016	3773	-2.9%
2014-2015	3886	-2.4%
2013-2014	3980	-2.2%
2012-2013	4069	-1.7%
2011-2012	4140	-1.9%
2010-2011	4218	-1.1%
2009-2010	4263	+0.8%
2008-2009	4231	-0.7%
2007-2008	4261	+1.4%

ECONOMIC CONDITION AND OUTLOOK: Montville Township is currently experiencing slow growth, which has effected district enrollment. A demographics study, completed in 2016, forecasts declining enrollment over the next several years. The Township Planning Board continues to approve subdivisions; however, the impact of these homes on school enrollment is minimal.

Even though enrollment is declining, the demand for educational services and the use of facilities continue to increase. In keeping with these demands, the district has expanded into new educational offerings, particularly to students with special needs. The district also completed facilities assessment in 2017 in which it identified \$56 million in needed repairs to the district's eight buildings. As the district can only complete a limited number of projects in its annual budget, the Board of Education opted to offer a \$17.6 referendum to the community for Vote on September 26, 2017. This referendum passed, which will result in a new bond issuance in 2017 to fund the proposed repairs. The district has continued to maintain an excellent credit rating; presently, the district is rated AA by Standard & Poor.

The Township's Economic Development Committee continues to attract and retain business in the municipality, matching enterprises looking for a new home with suitable locations in order to add to the strong and diverse business mix in the township. An attractive location in town has been the re-development area around the Towaco train station.

Finally, the educational programs of the district are supported by the Montville Educational Foundation, founded for the purpose of supporting the district's educational efforts. This Foundation, which consists of community members, enhances the schools' programs through grant funds for specific projects.

MAJOR ACCOMPLISHMENTS: Montville Township students continue to score above the state averages on all tests and remain competitive among their peer schools. The district offers a robust curriculum, where students of all abilities can meet with academic success. Throughout the past school year, many of the schools and programs were recognized at the state and national levels. The goal is to have all of the district's schools reach such accolades as places of excellence, where the social, emotional and academic needs of the students are identified and celebrated.

Many more of the district's accomplishments and initiatives can be seen at the Montville Township High School. In the 2016-2017 school years, the high school offered 20 Advance Placement (AP) courses in a variety of academic areas. Over 95% of the 2016 graduates attended two or four-year colleges; many were accepted to the highest ranked colleges and universities in the country. In addition to a robust curriculum, Montville Township High School offers students unique learning opportunities. Two such programs are the Science Research Program and the Humanities Research Program. The three-year Science Research Program allows participants to be mentored by a professional research institution. The Humanities Research Program engages students in research of history, literature and the arts, with a focus on creative thinking and leadership development. Beyond academics, the high school offers a multitude of co-curricular and athletic programs, such as Forensics, Chinese Studies, Marching and Symphonic Band, Orchestra and Choirs. The athletic program provides participation in a wide range of sports like Football, Tennis, Swimming and Track to students from Grades 9-12.

Overall, the Montville Public School provides options for students at every age level in all seven schools with a comprehensive academic and co-curricular program.

INTERNAL ACCOUNTING CONTROLS: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse. The controls also ensure that accounting data is properly compiled with reasonable assurance of its accuracy. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education and the State of New Jersey. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions of fund balance as of June 30, 2017.

ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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

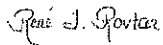
RISK MANAGEMENT: The district is a member of a consortium with several other school districts that provides various coverage's of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity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

OTHER INFORMATION: The State statutes require an annual audit by independent certified public accountants or registered municipal accountants to be completed for all school districts. The accounting firm of Lerch, Vinci and Higgins was selected by the Board in 1992 and subsequently has been re-appointed by the Board on an annual basis. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of U.S. Uniform Guidance and N.J. State Treasury Circular Letter 15-08.

The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related to the single audit are included in the single audit section of this report.

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

Respectfully Submitted,



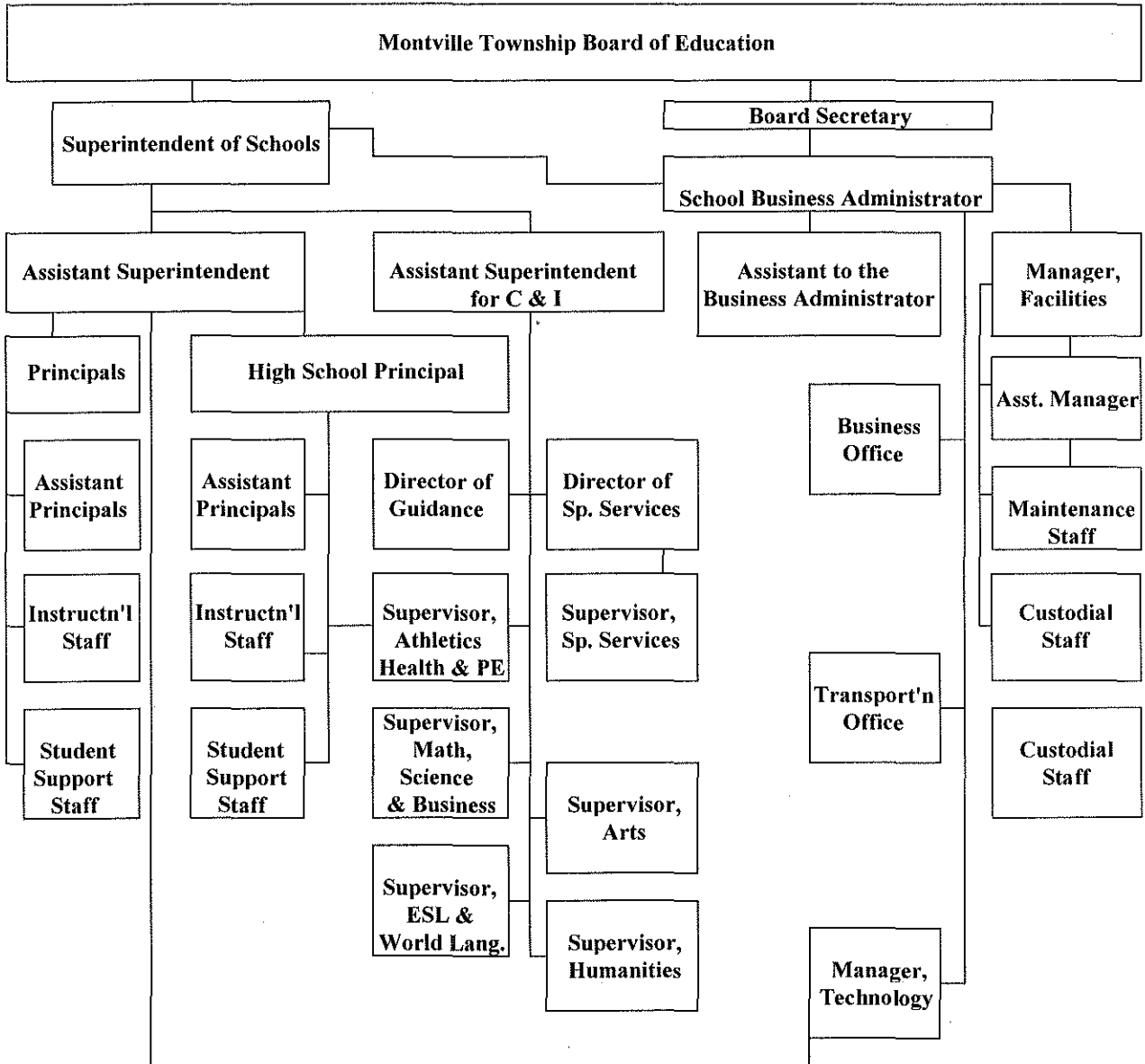
Rene T. Rovtar
Superintendent of Schools
Montville Township Public Schools



Katine M. Slunt
School Business Administrator/ Board Secretary
Montville Township Public Schools

**BOARD OF EDUCATION
MONTVILLE TOWNSHIP PUBLIC SCHOOLS
Organizational Chart**

as of June 30, 2017



**BOARD OF EDUCATION
MONTVILLE TOWNSHIP PUBLIC SCHOOLS
86 River Road Montville New Jersey
Roster of Officials
as of June 30, 2017**

Members of the Board of Education

Term Expires

Matthew Kayne	President	2017
Carmela Novi	Vice President	2019
Karen Cortellino	Member	2018
Charles Grau	Member	2018
Michael Johnson	Member	2017
David Modrak	Member	2018
John Morella	Member	2019
Michael O'Brien	Member	2019
Michael Palma	Member	2017

Other Officials

Rene T. Rovtar	Superintendent of Schools
James T. Tevis	School Business Administrator/ Board Secretary
Casey Shorter	Assistant Superintendent
Andrea Wooding	Assistant Superintendent for Curriculum & Instruction
Board Attorney	Schwartz, Simon, Edelstein & Celso LLC

**BOARD OF EDUCATION
MONTVILLE TOWNSHIP PUBLIC SCHOOLS
Consultants and Advisors**

as of June 30, 2017

Audit Firm

LERCH, VINCI & HIGGINS
17-17 Route 208
Fair Lawn, New Jersey 07410

Attorney

SCHWARTZ, SIMON, EDELSTEIN & CELSO LLC
100 South Jefferson Road
Whippany, New Jersey 07981

Official Depository

LAKELAND BANK
166 Cahngebridge Road
P.O. Box 425
Montville, New Jersey 07045

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Montville Township Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information


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


The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2017 on our consideration of the Montville Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Montville Township Public Schools' internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 24, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2017

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

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The District's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year end by \$16,008,853 (net position). The District's net position decreased \$2,601,699, or 14% from the previous year.
- General revenues accounted for \$69,059,409 or 68 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,898,672 or 32 percent of total revenues of \$100,958,081.
- The School District had \$101,897,960 in governmental activity expenses; only \$30,212,028 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$80,185,557 in revenues and \$82,201,477 in expenditures. After allowing for capital lease proceeds and operating transfers, the General Fund's fund balance decreased \$1,039,984, or 15 percent from 2016.
- The General Fund unassigned budgetary basis fund balance at June 30, 2017 was \$2,643,146 which represents an increase of \$92,723 compared to the ending unassigned budgetary basis fund balance at June 30, 2016 of \$2,550,423.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The District as a Whole

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

A comparative summary of the District's net position as of June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 7,058,118	\$ 7,614,689
Capital Assets, net of accumulated depreciation	<u>35,882,137</u>	<u>37,374,538</u>
Total Assets	<u>42,940,255</u>	<u>44,989,227</u>
Deferred Outflows of Resources	<u>7,552,371</u>	<u>4,122,448</u>
Total Assets and Deferred Outflows of Resources	<u>50,492,626</u>	<u>49,111,675</u>
Liabilities		
Long-Term Liabilities	33,278,823	28,646,392
Other Liabilities	<u>1,204,950</u>	<u>851,338</u>
Total Liabilities	<u>34,483,773</u>	<u>29,497,730</u>
Deferred Inflows of Resources	<u>-</u>	<u>243,817</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,483,773</u>	<u>29,741,547</u>
Net Position		
Net Investment in Capital Assets	25,944,247	25,330,397
Restricted	3,013,172	3,399,251
Unrestricted	<u>(12,948,566)</u>	<u>(9,359,520)</u>
Total Net Position	<u>\$ 16,008,853</u>	<u>\$ 19,370,128</u>

A comparative schedule of the changes in net position for fiscal years ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 2,102,122	\$ 2,033,394
Grants and Contributions	29,796,550	22,952,113
General Revenues:		
Property Taxes	68,592,541	67,293,875
Grants and Entitlements	244,503	208,927
Other	<u>222,365</u>	<u>345,441</u>
Total Revenues	<u>100,958,081</u>	<u>92,833,750</u>
Program Expenses		
Instruction	67,268,064	59,063,977
Support Services:		
Pupils and Instructional Staff	15,521,847	13,470,822
General Administration, School Administration, Business, Operations and Maintenance of Facilities	14,679,620	13,652,601
Pupil Transportation	4,068,580	4,098,468
Interest on Debt	359,849	606,495
Food Service and Extended Day Learning Center	<u>1,661,820</u>	<u>1,700,913</u>
Total Expenses	<u>103,559,780</u>	<u>92,593,276</u>
Increase (Decrease) in Net Position	<u>\$ (2,601,699)</u>	<u>\$ 240,474</u>

Governmental Activities

Property taxes comprise 69 percent of revenues for governmental activities for the Montville Township Public Schools in fiscal year 2017. The District's total governmental activities revenues were \$99,223,549 for the fiscal year ended June 30, 2017. Federal, state, and local grants accounted for 29 percent of this total revenue. The total cost of all governmental programs and services was \$101,897,960. Instruction comprises 66 percent of District governmental expenses.

Business-Type Activities

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

- Business-Type Activities revenues and transfers exceeded expenses by \$72,712.
- Charges for services represent 99 percent of revenue. This represents amounts paid for food service and extended day learning center fees.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The total cost of services and the net cost of services for the fiscal years ended June 30, 2017 and 2016 are summarized below. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	Total Cost of Services		Net Cost of Services	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 67,268,064	\$ 59,063,977	\$ 42,443,644	\$ 39,409,046
Support Services				
Pupils and Instructional Staff	15,521,847	13,470,822	12,035,931	10,999,554
General Administration, School Admin., Business, Operation and Maintenance of Facilities	14,679,620	13,652,601	13,383,805	12,683,297
Pupil Transportation	4,068,580	4,098,468	3,490,746	3,838,891
Interest and Fiscal Charges	<u>359,849</u>	<u>606,495</u>	<u>331,806</u>	<u>569,231</u>
Total	<u>\$ 101,897,960</u>	<u>\$ 90,892,363</u>	<u>\$ 71,685,932</u>	<u>\$ 67,500,019</u>

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

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

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

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

Governmental Activities (Continued)

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

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

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$83,811,818 and expenditures were \$85,758,733.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a comparative summary of the governmental fund revenues for the fiscal years ended June 30, 2017 and 2016.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>		
Local Sources	\$ 69,270,702	\$ 68,118,197	\$ 1,152,505	1.7%
State Sources	13,614,393	12,271,912	1,342,481	10.9%
Federal Sources	926,723	1,032,314	(105,591)	-10.2%
Total Revenues	<u>\$ 83,811,818</u>	<u>\$ 81,422,423</u>	<u>\$ 2,389,395</u>	2.9%

The following schedule represents a comparative summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2017 and 2016.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>		
Current				
Instruction	\$ 53,970,537	\$ 50,505,041	\$ 3,465,496	6.9%
Support Services	28,461,748	27,158,081	1,303,667	4.8%
Capital Outlay	354,701	3,200,110	(2,845,409)	-88.9%
Debt Service				
Principal	2,521,931	2,310,074	211,857	9.2%
Interest and Other	449,816	672,800	(222,984)	-33.1%
Total Expenditures	<u>\$ 85,758,733</u>	<u>\$ 83,846,106</u>	<u>\$ 1,912,627</u>	2.3%

General Fund Budgeting Highlights

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

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

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Energy (Heat and Electricity) – There was a substantial decrease in the cost of electricity. A large portion of this reduction is attributed to energy saving initiatives/programs that the district participated with in recent years such as the NJ BPU's Clean Energy Program. These savings contributed to the additional fund balance generated this school year.
- Special Education (OOD Tuition) – These line items generally require significant transfers each year due to the frequently changing needs of these students. These costs, which are associated with the classified population are mandated by law and difficult to anticipate.
- Capital Outlay – Transfers were made to cover the costs related to capital improvement projects throughout the District.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item in the District's budget but is required to be reflected in the financial statements. The amounts reported for 2017 increased from the previous year due to the continued implementation of GASB Statement No. 68 in recent years.

Capital Assets

At the end of fiscal year 2017, the District had \$73,971,614 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2017 was \$38,089,477. The Table below compares the fiscal year 2017 balances to the 2016 balances.

Capital Assets (Net of Depreciation) at June 30

	<u>2017</u>	<u>2016</u>
Land	\$ 129,801	\$ 129,801
Construction in Progress		
Improvements Other Than Buildings	31,186,862	3,204,259
Building and Building Improvements	3,252,852	32,534,957
Machinery and Equipment	<u>1,312,622</u>	<u>1,505,521</u>
Total Capital Assets, Net	<u>\$35,882,137</u>	<u>\$37,374,538</u>

Debt Administration

At June 30, 2017, the District had \$33,278,823 of long-term liabilities. Of this amount, \$767,237 is for compensated absences; \$1,617,573 is for outstanding capital leases, \$20,763,330 is the net pension liability, and \$10,130,683 for outstanding serial bonds (including the unamortized premium) issued to fund school construction projects.

Outstanding Bonded Debt at June 30

	<u>2017</u>	<u>2016</u>
2004 Refunding Bonds	\$ 1,680,000	\$ 2,530,000
2008 Refunding Bonds	3,255,000	3,880,000
2016 Refunding Bonds	<u>4,635,000</u>	<u>5,200,000</u>
Sub-total	9,570,000	11,610,000
Add: Unamortized Premium on Refunding Bonds	<u>560,683</u>	<u>683,258</u>
Total	<u>\$ 10,130,683</u>	<u>\$ 12,293,258</u>

For the Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,131,878	\$ 556,396	\$ 5,688,274
Receivables, net			
Receivables from Other Governments	1,342,360		1,342,360
Accounts	9,964	10,305	20,269
Inventories		7,215	7,215
Internal Balances	497,179	(497,179)	
Capital Assets			
Not Being Depreciated	129,801		129,801
Being Depreciated, Net	35,648,079	104,257	35,752,336
Total Assets	<u>42,759,261</u>	<u>180,994</u>	<u>42,940,255</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	7,398,484		7,398,484
Deferred Amount on Refunding of Debt	153,887	-	153,887
Total Deferred Outflows of Resources	<u>7,552,371</u>	<u>-</u>	<u>7,552,371</u>
Total Assets and Deferred Outflows of Resources	<u>50,311,632</u>	<u>180,994</u>	<u>50,492,626</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	652,208	35,906	688,114
Payable to Other Governments	6,590		6,590
Unearned Revenue	262,786	77,560	340,346
Accrued Interest Payable	169,900		169,900
Noncurrent Liabilities			
Due Within One Year	2,740,875		2,740,875
Due Beyond One Year	30,537,948		30,537,948
Total Liabilities	<u>34,370,307</u>	<u>113,466</u>	<u>34,483,773</u>
NET POSITION			
Net Investment in Capital Assets	25,839,990	104,257	25,944,247
Restricted for:			
Capital Projects	2,892,172		2,892,172
Other Purposes	121,000		121,000
Unrestricted	(12,911,837)	(36,729)	(12,948,566)
Total Net Position	<u>\$ 15,941,325</u>	<u>\$ 67,528</u>	<u>\$ 16,008,853</u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 43,938,994	\$ 131,082	\$ 15,059,692		\$ (28,748,220)		\$ (28,748,220)
Special Education	18,580,325		8,680,000		(9,900,325)		(9,900,325)
Other Instruction	2,540,006		953,646		(1,586,360)		(1,586,360)
School Sponsored Activities and Athletics	2,208,739				(2,208,739)		(2,208,739)
Support Services							
Student and Instruction Related Svcs.	15,521,847		3,485,916		(12,035,931)		(12,035,931)
General Administrative Services	1,911,715				(1,911,715)		(1,911,715)
School Administrative Services	4,258,151		1,209,126		(3,049,025)		(3,049,025)
Plant Operations and Maintenance	6,905,148		86,689		(6,818,459)		(6,818,459)
Pupil Transportation	4,068,580	284,396	293,438		(3,490,746)		(3,490,746)
Business Services	1,604,606				(1,604,606)		(1,604,606)
Interest on Long-Term debt	359,849		28,043		(331,806)		(331,806)
Total Governmental Activities	101,897,960	415,478	29,796,550	-	(71,685,932)	-	(71,685,932)
Business-Type Activities							
Food Service	935,370	912,660				\$ (22,710)	(22,710)
Extended Day Learning Center	726,450	773,984	-			47,534	47,534
Total Business-Type Activities	1,661,820	1,686,644	-	-	-	24,824	24,824
Total Primary Government	\$103,559,780	\$ 2,102,122	\$ 29,796,550	\$ -	(71,685,932)	24,824	(71,661,108)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					66,212,082		66,212,082
Taxes Levied for Debt Service					2,380,459		2,380,459
State Aid - Unrestricted					112,061		112,061
State Aid - Restricted for Debt Service					132,442		132,442
Investment Earnings					54,846	463	55,309
Miscellaneous Income					167,056		167,056
Transfers					(47,425)	47,425	-
Total General Revenues and Transfers					69,011,521	47,888	69,059,409
Change in Net Position					(2,674,411)	72,712	(2,601,699)
Net Position, Beginning of Year (Restated)					18,615,736	(5,184)	18,610,552
Net Position, End of Year					\$ 15,941,325	\$ 67,528	\$ 16,008,853

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

FUND FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,062,872			\$ 69,006	\$ 5,131,878
Receivables					
Due From Other Funds	1,580,811				1,580,811
Intergovernmental	<u>161,247</u>	<u>\$ 823,152</u>	<u>\$ 357,961</u>	<u>-</u>	<u>1,342,360</u>
Total Assets	<u>\$ 6,804,930</u>	<u>\$ 823,152</u>	<u>\$ 357,961</u>	<u>\$ 69,006</u>	<u>\$ 8,055,049</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 635,152	\$ 17,056			\$ 652,208
Due To Other Funds		765,167	\$ 308,501		1,073,668
Payable to Other Governments		6,590			6,590
Unearned Revenue	<u>226,150</u>	<u>34,339</u>	<u>2,297</u>		<u>262,786</u>
Total Liabilities	<u>861,302</u>	<u>823,152</u>	<u>310,798</u>	<u>-</u>	<u>1,995,252</u>
Fund Balances					
Restricted					
Capital Reserve	2,422,172				2,422,172
Capital Reserve - Designated for Subsequent Year's Budget	470,000				470,000
Maintenance Reserve	51,000				51,000
Maintenance Reserve - Designated for Subsequent Year's Budget	70,000				70,000
Excess Surplus- Designated for Subsequent Year's Budget	1,000,000				1,000,000
Excess Surplus	1,000,000				1,000,000
Capital Projects			47,163		47,163
Debt Service				\$ 69,006	69,006
Assigned					
Encumbrances	77,703				77,703
Designated for Subsequent Year's Budget	1,200,000				1,200,000
Unassigned	<u>(347,247)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(347,247)</u>
Total Fund Balances	<u>5,943,628</u>	<u>-</u>	<u>47,163</u>	<u>69,006</u>	<u>6,059,797</u>
Total Liabilities and Fund Balances	<u>\$ 6,804,930</u>	<u>\$ 823,152</u>	<u>\$ 357,961</u>	<u>\$ 69,006</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$73,587,761 and the accumulated depreciation is \$37,809,881. 35,777,880

Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2) 7,552,371

The District has financed capital assets through the issuance of general obligation bonds. The accrued interest at year end is: (169,900)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2). (33,278,823)

Net Position of Governmental Activities (Exhibit A-1) \$ 15,941,325

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 66,212,082			\$ 2,380,459	\$ 68,592,541
Tuition	131,082				131,082
Transportation	284,396				284,396
Interest	54,846				54,846
Miscellaneous	167,056	\$ 40,781	-	-	207,837
Total - Local Sources	66,849,462	40,781	-	2,380,459	69,270,702
State Sources	13,336,095	117,813		160,485	13,614,393
Federal Sources	-	926,723	-	-	926,723
Total Revenues	80,185,557	1,085,317	-	2,540,944	83,811,818
EXPENDITURES					
Current					
Instruction					
Regular Instruction	34,325,632	148,290			34,473,922
Special Education Instruction	14,792,638	755,393			15,548,031
Other Instruction	1,932,790	21,506			1,954,296
School Sponsored Activities and Athletics	1,994,288				1,994,288
Support Services and Undistributed Costs					
Student and Instruction Related Services	12,609,424	143,228			12,752,652
General Administrative Services	1,773,321				1,773,321
School Administrative Services	3,310,431				3,310,431
Plant Operations and Maintenance	5,128,949	16,900			5,145,849
Pupil Transportation	4,058,528				4,058,528
Business/Central Services	1,420,967				1,420,967
Debt Service					
Principal	481,931			2,040,000	2,521,931
Interest and Other Charges	17,877			431,939	449,816
Capital Outlay	354,701	-	-	-	354,701
Total Expenditures	82,201,477	1,085,317	-	2,471,939	85,758,733
Excess (Deficiency) of Revenues Over Expenditures					
	(2,015,920)	-	-	69,005	(1,946,915)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	1,023,361				1,023,361
Transfers Out	(47,425)	-	-	-	(47,425)
Total Other Financing Sources and Uses	975,936	-	-	-	975,936
Net Change in Fund Balances	(1,039,984)	-	-	69,005	(970,979)
Fund Balance, Beginning of Year	6,983,612	-	47,163	1	7,030,776
Fund Balance, End of Year	\$ 5,943,628	\$ -	\$ 47,163	\$ 69,006	\$ 6,059,797

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (970,979)**

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

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

Depreciation Expense	\$ (1,882,734)	
Capital Outlay - Additions	<u>354,701</u>	
		(1,528,033)

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

Debt Issued		
Capital Lease		(1,023,361)
Principal Repayments		
Serial Bonds	2,040,000	
Capital Lease	<u>481,931</u>	
		2,521,931

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

Decrease in Accrued Interest	23,716	
Increase in Net Pension Liability	(1,868,726)	
Amortization of Original Issue Premium	122,575	
Amortization of Deferred Amount on Refunding	(56,324)	
Net Decrease in Compensated Absences	<u>104,790</u>	
		<u>(1,673,969)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (2,674,411)**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	<u>Business- Type Activities Enterprise Funds Non - Major</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 556,396
Receivables	
Other	10,305
Inventory	<u>7,215</u>
Total Current Assets	<u>573,916</u>
Capital Assets	
Furniture, Machinery and Equipment	383,853
Less: Accumulated Depreciation	<u>(279,596)</u>
Total Capital Assets	<u>104,257</u>
Total Assets	<u>678,173</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	33,931
Due to Other Funds	497,179
Unearned Revenue	77,560
Other Current Liabilities	<u>1,975</u>
Total Current Liabilities	<u>610,645</u>
NET POSITION	
Net Investment in Capital Assets	104,257
Unrestricted	<u>(36,729)</u>
Total Net Position	<u><u>\$ 67,528</u></u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities Enterprise Fund Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 885,625
Special Functions	27,035
Program Fees	<u>773,984</u>
 Total Operating Revenues	 <u>1,686,644</u>
OPERATING EXPENSES	
Salaries and Wages	1,030,164
Management Fee	52,179
Supplies and Materials	71,287
Repairs and Maintenance	12,061
Utilities	18,750
Miscellaneous	55,511
Cost of Sales	408,849
Depreciation	<u>13,019</u>
 Total Operating Expenses	 <u>1,661,820</u>
 Operating Income (Loss)	 <u>24,824</u>
NONOPERATING REVENUES	
Interest	<u>463</u>
 Total Nonoperating Revenues	 <u>463</u>
 Income Before Transfers	 25,287
 Transfer in	 <u>47,425</u>
 Change in Net Position	 72,712
 Net Position, Beginning of Year	 <u>(5,184)</u>
 Net Position, End of Year	 <u>\$ 67,528</u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Funds Non-Major
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,711,013
Cash Payments for Employees Salaries and Benefits	(1,030,164)
Cash Payments to Suppliers for Goods and Services	(608,164)
Net Cash (Used for) Operating Activities	72,685
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received From Other Funds	102,426
Net Cash Provided By Non-Capital Financing Activities	102,426
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(48,651)
Net Cash (Used for) Capital and Related Financing Activities	(48,651)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	463
Net Cash Provided By Investing Activities	463
Net Change in Cash and Cash Equivalents	126,923
Cash and Cash Equivalents, Beginning of Year	429,473
Cash and Cash Equivalents, End of Year	\$ 556,396
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating Income (Loss)	\$ 24,824
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities	
Depreciation	13,019
Change in Assets and Liabilities	
(Increase) / Decrease in Accounts Receivable	(4,150)
Increase / (Decrease) in Accounts Payable	11,209
Increase/(Decrease) in Other Current Liabilities	(2,167)
Increase / (Decrease) in Unearned Revenue	30,686
(Increase) / Decrease in Inventory	(736)
Total Adjustments	47,861
Net Cash (Used for) Operating Activities	\$ 72,685

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Private Purpose Trust Funds</u>	<u>Escrow Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 12,102	\$ 79,706	\$ 292,091	\$ 1,748,292
Due from Other Funds			126,156	
Total Assets	<u>12,102</u>	<u>79,706</u>	<u>418,247</u>	<u>\$ 1,748,292</u>
LIABILITIES				
Due to Student Groups				\$ 229,394
Due to Other Funds				136,120
Intergovernmental Accounts Payable			6,684	
Accrued Salaries and Wages				72
Summer Savings				951,283
Reserve for Flex Spending				23,805
Reserve for Cobra				3,933
Payroll Deductions and Withholdings Payable				403,685
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,684</u>	<u>\$ 1,748,292</u>
NET POSITION				
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 12,102</u>	<u>\$ 79,706</u>	<u>\$ 411,563</u>	

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Private Purpose Trust Funds	Escrow Fund	Unemployment Compensation Trust Fund
ADDITIONS			
Interest Earnings	\$ 19	\$ 456	\$ 2,030
Donations	200		
Board Contributions		10,000	
Employee Deductions		-	69,221
	<hr/>	<hr/>	<hr/>
Total Additions	219	10,456	71,251
DEDUCTIONS			
Scholarships Awarded	1,000		
Unemployment Claims and Contributions		-	79,542
	<hr/>	<hr/>	<hr/>
Total Deductions	1,000	-	79,542
Change in Net Position	(781)	10,456	(8,291)
Net Position, Beginning of Year	<hr/> 12,883	<hr/> 69,250	<hr/> 419,854
Net Position, End of Year	<hr/> <u>\$ 12,102</u>	<hr/> <u>\$ 79,706</u>	<hr/> <u>\$ 411,563</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The 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 established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The 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 post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. 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.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. 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.

C. Basis of Presentation - Financial Statements

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows of Resources*

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

Maintenance Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

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

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

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

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

Designated for Subsequent Year’s Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 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 certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds Payable	\$ 9,570,000
Add: Issuance Premium (to be amortized over life of debt)	560,683
Capital Leases Payable	1,617,573
Compensated Absences	767,237
Net Pension Liability	<u>20,763,330</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ 33,278,823</u>

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

Deferred Outflows of Resources	
Deferred Amount on Net Pension Liability	\$ 7,398,484
Deferred Amount on Refunding (to be amortized as interest expense)	<u>153,887</u>
	<u>\$ 7,552,371</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,699,304. The increase was funded by the appropriation of prior year extraordinary aid, additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to County Special Services and Regional Day Schools		\$ 86,960	\$ 86,960

The above variance was the result of an audit adjustment and was offset with other available resources.

C. Deficit Fund Equity

The Food Service Enterprise Fund has a cumulative deficit in unrestricted net position of \$87,788 as of June 30, 2017. The District expects to eliminate this deficit through normal operations in the 2017/2018 fiscal year.

The District has an unassigned fund balance deficit of \$347,247 in the General Fund as of June 30, 2017 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2016/2017 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$347,247 in the General Fund is less than the delayed state aid payments at June 30, 2017.

D. Capital Reserve

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 3,130,251
Increased by		
Interest Earned	\$ 1,500	
Deposits Approved by Board Resolution	<u>669,046</u>	
		<u>670,546</u>
		3,800,797
Withdrawals		
Approved in District Budget		<u>(908,625)</u>
Balance, June 30, 2017		<u>\$ 2,892,172</u>

Analysis of Restricted Capital Reserve Fund Balance, June 30, 2017

Capital Reserve		\$ 2,422,172
Designated for Subsequent Year's Budget		<u>470,000</u>
		<u>\$ 2,892,172</u>

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

E. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 269,000
Increased by:	
Interest Earned	<u>1,000</u>
	270,000
Withdrawals	
Approved in District Budget	<u>(149,000)</u>
Balance, June 30, 2017	<u>\$ 121,000</u>

Analysis of Restricted Maintenance Reserve Fund Balance, June 30, 2017

Maintenance Reserve	\$ 51,000
Designated for Subsequent Year's Budget	<u>70,000</u>
	<u>\$ 121,000</u>

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

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$2,000,000. Of this amount, \$1,000,000 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$1,000,000 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$7,820,465 and bank and brokerage firm balances of the Board's deposits amounted to \$9,714,627. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>9,714,627</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board's bank balances were not exposed to custodial credit risk since all deposits were considered insured by FDIC, SIPC or GUDPA.

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>MEDLC</u>	<u>Total</u>
Receivables:					
Accounts				\$ 10,305	\$ 10,305
Intergovernmental					
Federal		\$ 823,152			823,152
State	\$ 161,247	-	\$ 357,961	-	519,208
Gross Receivables	161,247	823,152	357,961	10,305	1,352,665
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 161,247</u>	<u>\$ 823,152</u>	<u>\$ 357,961</u>	<u>\$ 10,305</u>	<u>\$ 1,352,665</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund

Prepayment of Subscription Busing Fees	\$ 222,300
Prepayment of Tuition Fees	3,850
Special Revenue Fund	
Unencumbered Grant Draw Downs	34,339
Capital Projects Fund	
Unrealized School Facilities Grants	2,297
Total Unearned Revenue for Governmental Funds	<u>\$ 262,786</u>

D. Capital Assets

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

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 129,801	-	-	\$ 129,801
Total Capital Assets, Not Being Depreciated	<u>129,801</u>	<u>-</u>	<u>-</u>	<u>129,801</u>
Capital Assets, Being Depreciated:				
Buildings	60,317,708			60,317,708
Improvements Other Than Buildings	5,345,090	\$ 292,477		5,637,567
Machinery and Equipment	7,440,461	62,224	-	7,502,685
Total Capital Assets Being Depreciated	<u>73,103,259</u>	<u>354,701</u>	<u>-</u>	<u>73,457,960</u>
Less Accumulated Depreciation for:				
Buildings	(27,782,751)	(1,348,095)		(29,130,846)
Improvements Other Than Buildings	(2,140,831)	(243,884)		(2,384,715)
Machinery and Equipment	(6,003,565)	(290,755)	-	(6,294,320)
Total Accumulated Depreciation	<u>(35,927,147)</u>	<u>(1,882,734)</u>	<u>-</u>	<u>(37,809,881)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,176,112</u>	<u>(1,528,033)</u>	<u>-</u>	<u>35,648,079</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,305,913</u>	<u>\$ (1,528,033)</u>	<u>\$ -</u>	<u>\$ 35,777,880</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 335,202	\$ 48,651	-	\$ 383,853
Total Capital Assets Being Depreciated	<u>335,202</u>	<u>48,651</u>	<u>-</u>	<u>383,853</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(266,577)</u>	<u>(13,019)</u>	<u>-</u>	<u>(279,596)</u>
Total Accumulated Depreciation	<u>(266,577)</u>	<u>(13,019)</u>	<u>-</u>	<u>(279,596)</u>
Total Capital Assets, Being Depreciated, Net	<u>68,625</u>	<u>35,632</u>	<u>-</u>	<u>104,257</u>
Business-Type Activities Capital Assets, Net	<u>\$ 68,625</u>	<u>\$ 35,632</u>	<u>\$ -</u>	<u>\$ 104,257</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 151,324
Special	3,275
Other	<u>5,616</u>
Total Instruction	<u>160,215</u>
Support Services	
Student and Instruction Related	18,455
General Administration	5,082
School Administration	94,087
Operations and Maintenance of Plant	1,597,478
Business/Central Services	<u>7,417</u>
Total Support Services	<u>1,722,519</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,882,734</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 13,019</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 13,019</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 765,167
General Fund	Capital Projects Fund	308,501
General Fund	Agency Fund	9,964
General Fund	Food Service Fund	87,179
General Fund	MEDLC Fund	410,000
Unemployment Trust Fund	Agency Fund	<u>126,156</u>
		<u>\$ 1,706,967</u>

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

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

F. Leases

Capital Leases

The District is leasing computers totaling \$2,778,849 under capital leases. The leases are for terms of 3 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 564,362
2019	545,732
2020	<u>545,732</u>
Total minimum lease payments	1,655,826
Less: amount representing interest	<u>(38,253)</u>
Present value of minimum lease payments	<u>\$ 1,617,573</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$10,755,000, 2004 Refunding Bonds, due in annual installments of \$835,000 to \$845,000 through July 15, 2018, interest at 5.00%	\$1,680,000
\$7,230,000, 2008 Refunding Bonds, due in annual installments of \$620,000 to \$670,000 through August 1, 2021, interest at 4.25%-5.00%	3,255,000
\$5,200,000, 2016 Refunding Bonds, due in annual installments of \$640,000 to \$850,000 through February 1, 2023, interest at 3.00%-4.00%	<u>4,635,000</u>
Total	<u>\$9,570,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,110,000	\$ 364,956	\$ 2,474,956
2019	2,180,000	274,975	2,454,975
2020	1,445,000	200,100	1,645,100
2021	1,475,000	144,606	1,619,606
2022	1,520,000	82,256	1,602,256
2023	<u>840,000</u>	<u>33,600</u>	<u>873,600</u>
	<u>\$ 9,570,000</u>	<u>\$ 1,100,493</u>	<u>\$ 10,670,493</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 196,187,592
Less: Net Debt	<u>(9,570,000)</u>
Remaining Borrowing Power	<u>\$ 186,617,592</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 11,610,000		\$ 2,040,000	\$ 9,570,000	\$ 2,110,000
Add: Premium	<u>683,258</u>	-	<u>122,575</u>	<u>560,683</u>	-
 Total Bonds Payable	 12,293,258	 -	 2,162,575	 10,130,683	 2,110,000
 Capital Leases	 1,076,143	 \$ 1,023,361	 481,931	 1,617,573	 550,055
Net Pension Liability	15,164,540	6,221,600	622,810	20,763,330	
Compensated Absences	<u>872,027</u>	<u>73,753</u>	<u>178,543</u>	<u>767,237</u>	<u>80,820</u>
 Governmental Activity Long-Term Liabilities	 <u>\$ 29,405,968</u>	 <u>\$ 7,318,714</u>	 <u>\$ 3,445,859</u>	 <u>\$ 33,278,823</u>	 <u>\$ 2,740,875</u>

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017		\$ 69,221	\$ 79,542	\$ 411,563
2016		66,452	91,741	419,854
2015		64,905	36,194	443,331

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 622,810	\$ 3,674,030	\$ 18,500
2016	580,784	2,591,710	23,758
2015	500,916	1,738,450	29,254

In addition, for fiscal year 2016/2017 the District contributed \$7,699 for PERS and the State contributed \$8,552 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,508,506 during the fiscal 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 recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$20,763,330 for its proportionate share of the PERS net pension liability. 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 that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was 0.07010 percent, which was an increase of 0.00255 percent from its proportionate share measured as of June 30, 2015 of 0.06755.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,491,536 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 386,135	
Changes of Assumptions	4,301,053	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	791,725	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,919,571</u>	<u>-</u>
Total	<u>\$ 7,398,484</u>	<u>\$ -</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 1,747,832
2019	1,747,832
2020	1,916,978
2021	1,544,526
2022	441,316
Thereafter	<u>-</u>
	<u>\$ 7,398,484</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's 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 Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 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 US 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 US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan at the measurement date of June 30, 2016 was 3.98%.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$19,133,186 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$254,647,090. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was 0.32370 percent, which was an increase of 0.00215 percent from its proportionate share measured as of June 30, 2015 of 0.32155 percent.

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

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases 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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
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	3.75%	3.49%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$3,061,303, \$3,086,010 and \$2,759,790, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 RESTATEMENT

The Net Position, beginning of year, has been restated to reflect a capital lease obligation of the District that was previously unrecorded. The effect of this restatement is a decrease of \$759,576 in the Governmental Activities Net Position, beginning of year, from an original amount of \$19,375,312 to a restated balance of \$18,615,736.

NOTE 7 SUBSEQUENT EVENT

On September 26, 2017, the voters of the Montville Township Public School District approved a bond referendum for capital projects to upgrade and renovate various schools in the District. The total amount of funding approved in the referendum was \$17,605,887. The District is anticipating receiving grants from the State of New Jersey equal to forty percent of the eligible costs associated with the projects.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 66,212,082		\$ 66,212,082	\$ 66,212,082	
Tuition From Individuals	149,289		149,289	131,082	\$ (18,207)
Transportation Fees from Individuals	335,000		335,000	284,396	(50,604)
Interest Earned on Capital Reserve	1,500		1,500	1,500	
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	
Miscellaneous, including Interest	368,350	-	368,350	219,402	(148,948)
Total Local Sources	<u>67,067,221</u>	<u>-</u>	<u>67,067,221</u>	<u>66,849,462</u>	<u>(217,759)</u>
State Sources					
Special Education Aid	1,434,192		1,434,192	1,434,192	
Security Aid	70,614		70,614	70,614	
Transportation Aid	259,947		259,947	259,947	
PARCC Readiness Aid	39,280		39,280	39,280	
Per Pupil Growth Aid	39,280		39,280	39,280	
Professional Learning Community Aid	37,010		37,010	37,010	
Extraordinary Aid	1,650,000		1,650,000	2,817,481	1,167,481
Non Public Transportation Reimbursement				37,150	37,150
On Behalf TPAF Contributions (Non-Budgeted)					
Pension Contribution				3,545,566	3,545,566
Non Contributory Insurance				128,464	128,464
Post Retirement Medical Contribution				3,061,303	3,061,303
Long Term Disability Insurance				8,552	8,552
Social Security Contribution	-	-	-	2,508,506	2,508,506
Total State Sources	<u>3,530,323</u>	<u>-</u>	<u>3,530,323</u>	<u>13,987,345</u>	<u>10,457,022</u>
Federal Sources					
Medicaid Reimbursement	21,958	-	21,958	-	(21,958)
Total Federal Sources	<u>21,958</u>	<u>-</u>	<u>21,958</u>	<u>-</u>	<u>(21,958)</u>
Total Revenues	<u>70,619,502</u>	<u>-</u>	<u>70,619,502</u>	<u>80,836,807</u>	<u>10,217,305</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,102,323	\$ 13,089	1,115,412	1,114,786	626
Grades 1-5	7,278,187	(146,710)	7,131,477	7,130,799	678
Grades 6-8	5,092,543	176,487	5,269,030	5,269,030	
Grades 9-12	7,368,568	(343,921)	7,024,647	7,024,647	
Regular Programs - Home Instruction					
Salaries of Teachers	20,000	(8,300)	11,700	11,700	
Purchased Professional/Educational Services	24,000	(20,425)	3,575	3,575	
General Supplies	100		100		100
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	211,718	(22,686)	189,032	189,032	
Purchased Technical Services	431,176	(18,275)	412,901	412,732	169
Other Purchased Services	1,247,730	79,311	1,327,041	940,831	386,210
General Supplies	884,011	30,525	914,536	882,731	31,805
Textbooks	155,700	14,116	169,816	164,342	5,474
Other Objects	5,200	-	5,200	3,553	1,647
Acquisitions Under Capital Leases (Non-Budgeted)	-	-	-	1,023,361	(1,023,361)
Total Regular Programs	<u>23,821,256</u>	<u>(246,789)</u>	<u>23,574,467</u>	<u>24,171,119</u>	<u>(596,652)</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Special Education					
Cognitive Mild					
Salaries of Teachers	\$ 111,336		\$ 111,336	\$ 111,336	
Other Salaries for Instruction	93,503	\$ 12,835	106,338	106,338	
General Supplies	2,000	3,411	5,411	5,363	\$ 48
Total Cognitive Mild	206,839	16,246	223,085	223,037	48
Learning and/or Language Disabilities					
Salaries of Teachers	369,853	(8,708)	361,145	361,145	
Other Salaries for Instruction	395,072	54,327	449,399	449,399	
General Supplies	7,500	(1,102)	6,398	5,897	501
Other Objects	-	1,048	1,048	629	419
Total Learning and/or Language Disabilities	772,425	45,565	817,990	817,070	920
Behavioral Disabilities					
Salaries of Teachers	308,460	(58,574)	249,886	249,886	
Other Salaries of Instruction	152,195	(24,071)	128,124	127,430	694
General Supplies	2,300	-	2,300	1,827	473
Total Behavioral Disabilities	462,955	(82,645)	380,310	379,143	1,167
Multiple Disabilities					
Other Purchased Services	-	1,891	1,891	751	1,140
Total Multiple Disabilities	-	1,891	1,891	751	1,140
Resource Room/Resource Center					
Salaries of Teachers	4,783,642	79,792	4,863,434	4,863,434	
Other Salaries for Instruction	701,588	(98,618)	602,970	602,970	
General Supplies	16,450	10,850	27,300	25,958	1,342
Textbooks	5,000	(1,849)	3,151	2,060	1,091
Total Resource Room	5,506,680	(9,825)	5,496,855	5,494,422	2,433
Autism					
Salaries of Teachers	214,185	(12,029)	202,156	201,871	285
Other Salaries for Instruction	431,092	(2,279)	428,813	428,813	
General Supplies	23,100	(1,491)	21,609	10,622	10,987
Total Autism	668,377	(15,799)	652,578	641,306	11,272
Preschool Disabilities - Part-Time					
Salaries of Teachers	159,934		159,934	159,934	
Other Salaries for Instruction	165,570	475	166,045	166,045	
General Supplies	500	-	500	450	50
Total Preschool Disabilities - Part-Time	326,004	475	326,479	326,429	50

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Special Education (Continued)					
Home Instruction					
Other Salaries for Instruction	\$ 35,000	\$ (9,340)	\$ 25,660	\$ 25,490	\$ 170
Purchased Professional/Educational Services	78,000	5,000	83,000	74,909	8,091
General Supplies	100	-	100	-	100
Total Home Instruction	<u>113,100</u>	<u>(4,340)</u>	<u>108,760</u>	<u>100,399</u>	<u>8,361</u>
Total Special Education	<u>8,056,380</u>	<u>(48,432)</u>	<u>8,007,948</u>	<u>7,982,557</u>	<u>25,391</u>
Basic Skills/Remedial					
Salaries of Teachers	922,910	33,263	956,173	956,173	
General Supplies	1,600	112	1,712	1,321	391
Total Basic Skills/Remedial	<u>924,510</u>	<u>33,375</u>	<u>957,885</u>	<u>957,494</u>	<u>391</u>
Bilingual Education					
Salaries of Teachers	329,424		329,424	328,293	1,131
General Supplies	8,100	6	8,106	7,320	786
Textbooks	1,500	-	1,500	1,183	317
Total Bilingual Education	<u>339,024</u>	<u>6</u>	<u>339,030</u>	<u>336,796</u>	<u>2,234</u>
School Sponsored Co-Curricular Activities					
Salaries	398,069	51,309	449,378	446,927	2,451
Purchased Services	2,500	(1,200)	1,300		1,300
Supplies and Materials	8,500	(2,500)	6,000	5,604	396
Other Objects	70,500	5,388	75,888	67,308	8,580
Total School Sponsored Co-Curricular Activities	<u>479,569</u>	<u>52,997</u>	<u>532,566</u>	<u>519,839</u>	<u>12,727</u>
School Sponsored Athletics - Instruction					
Salaries	760,120	(13,031)	747,089	747,089	
Purchased Services	216,798	4,561	221,359	219,985	1,374
Supplies and Materials	73,500	2,184	75,684	67,961	7,723
Other Objects	24,000	-	24,000	23,560	440
Total School Sponsored Athletics - Instruction	<u>1,074,418</u>	<u>(6,286)</u>	<u>1,068,132</u>	<u>1,058,595</u>	<u>9,537</u>
Total - Instruction	<u>34,695,157</u>	<u>(215,129)</u>	<u>34,480,028</u>	<u>35,026,400</u>	<u>(546,372)</u>
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Special	575,722	(204,974)	370,748	291,374	79,374
Tuition to County Vocational School District-Reg.	473,682		473,682	345,165	128,517
Tuition to County Vocational School District-Spec.	63,000		63,000	21,000	42,000
Tuition to County Special Srvs. & Regional Day Schools				86,960	(86,960)
Tuition to Private Schools - Disabled w/i State	1,953,943	1,206,576	3,160,519	2,538,706	621,813
Tuition to Private Schools - Disabled O/of State	162,695	77,739	240,434	226,799	13,635
Total Undistributed Expenditures - Instruction	<u>3,229,042</u>	<u>1,079,341</u>	<u>4,308,383</u>	<u>3,510,004</u>	<u>798,379</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 74,288	-	\$ 74,288	\$ 74,288	-
Health Services					
Salaries	820,122	\$ 4,419	824,541	824,243	\$ 298
Purchased Professional Technical Services	32,601	(2,373)	30,228	24,255	5,973
Supplies and Materials	11,700	530	12,230	10,032	2,198
Total Health Services	864,423	2,576	866,999	858,530	8,469
Speech, OT, PT and Related Services					
Salaries	1,301,282	5,398	1,306,680	1,306,680	
Purchased Professional/Educational Services	246,208	(470)	245,738	206,317	39,421
Supplies and Materials	7,500	2,935	10,435	10,205	230
Total Speech, OT, PT and Related Services	1,554,990	7,863	1,562,853	1,523,202	39,651
Other Support Services - Students - Extra.Serv.					
Salaries	738,683	240,892	979,575	979,575	
Purchased Professional/Educational Services	80,000	50,404	130,404	114,475	15,929
Total Other Support Services - Students - Extra Services	818,683	291,296	1,109,979	1,094,050	15,929
Guidance					
Salaries of Other Professional Staff	1,650,688	(65,141)	1,585,547	1,585,547	
Salaries of Secretarial and Clerical Assistants	134,949	2,023	136,972	136,972	
Purchased Professional - Educational Services	1,500	1,800	3,300	3,300	
Other Purchased Prof. and Technical Services	51,500		51,500	46,896	4,604
Other Purchased Services	1,600	38	1,638	944	694
Supplies and Materials	17,350	(550)	16,800	11,731	5,069
Other Objects	17,500	(1,800)	15,700	4,247	11,453
Total Guidance	1,875,087	(63,630)	1,811,457	1,789,637	21,820
Child Study Teams					
Salaries of Other Professional Staff	1,635,717	15,808	1,651,525	1,646,967	4,558
Salaries of Secretarial and Clerical Assistants	172,412	1,009	173,421	173,421	
Other Purchased Prof. and Technical Services	245,631	12,480	258,111	172,167	85,944
Other Purchased Services	5,600	1,808	7,408	6,025	1,383
Misc. Purchased Services	200		200		200
Supplies and Materials	27,000	(4,326)	22,674	17,254	5,420
Other Objects	23,000	(282)	22,718	22,718	-
Total Child Study Teams	2,109,560	26,497	2,136,057	2,038,552	97,505

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 884,952	\$ (23,383)	\$ 861,569	\$ 861,569	
Salaries of Secretarial and Clerical Assistants	38,265		38,265	38,265	
Other Salaries	77,000	1,500	78,500	78,500	
Other Purchased Services	4,700	894	5,594	4,420	\$ 1,174
Supplies and Materials	1,200		1,200	699	501
Other Objects	5,440	400	5,840	5,793	47
Total Improvement of Instruction Services	<u>1,011,557</u>	<u>(20,589)</u>	<u>990,968</u>	<u>989,246</u>	<u>1,722</u>
Educational Media Services/School Library					
Salaries	560,426		560,426	559,788	638
Purchased Professional and Technical Services	48,000	1,750	49,750	48,086	1,664
Supplies and Materials	17,500	(385)	17,115	16,319	796
Total Educational Media Services/School Library	<u>625,926</u>	<u>1,365</u>	<u>627,291</u>	<u>624,193</u>	<u>3,098</u>
Instructional Staff Training Services					
Other Salaries	500		500		500
Purchased Professional –Education Services	89,100	(11,573)	77,527	70,287	7,240
Other Purchased Services	2,000	110	2,110	1,977	133
Supplies and Materials	1,000		1,000	490	510
Other Objects	11,250	2,800	14,050	12,336	1,714
Total Instructional Staff Training Services	<u>103,850</u>	<u>(8,663)</u>	<u>95,187</u>	<u>85,090</u>	<u>10,097</u>
Support Services General Administration					
Salaries	696,424	50,989	747,413	746,511	902
Legal Services	304,500	148,200	452,700	452,620	80
Audit Fees	37,300	(1,838)	35,462	33,250	2,212
Architectural/Engineering Services	2,231	50,886	53,117	53,117	
Other Purchased Professional Services	16,283	2,721	19,004	19,004	
Communications/Telephone	20,500	1,879	22,379	18,453	3,926
Miscellaneous Purchased Services	118,333	(3,684)	114,649	111,777	2,872
General Supplies	7,300	3,003	10,303	9,479	824
Misc. Expenditures	16,612	(2,333)	14,279	12,890	1,389
BOE Membership Dues and Fees	29,730	(626)	29,104	26,663	2,441
Total Support Services General Administration	<u>1,249,213</u>	<u>249,197</u>	<u>1,498,410</u>	<u>1,483,764</u>	<u>14,646</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,666,147		1,666,147	1,666,146	1
Salaries of Secretarial and Clerical Assistants	568,795	5,576	574,371	562,446	11,925
Purchased Professional and Technical Services	1,500	100	1,600	1,500	100
Other Purchased Services	13,750	486	14,236	5,610	8,626
Supplies and Materials	48,800	24,968	73,768	59,738	14,030
Other Objects	13,200	300	13,500	11,300	2,200
Total Support Services School Administration	<u>2,312,192</u>	<u>31,430</u>	<u>2,343,622</u>	<u>2,306,740</u>	<u>36,882</u>

(Continued)

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 516,846	\$ 9,282	\$ 526,128	\$ 525,772	\$ 356
Purchased Professional Services	1,450	9,620	11,070	910	10,160
Purchased Technical Services	49,685	8,568	58,253	58,253	
Misc. Purchased Services	23,150	(7,666)	15,484	15,352	132
Supplies and Materials	15,000	1,094	16,094	15,988	106
Miscellaneous Expenditures	2,700	(650)	2,050	2,025	25
Total Central Services	<u>608,831</u>	<u>20,248</u>	<u>629,079</u>	<u>618,300</u>	<u>10,779</u>
Admin. Info. Tech.					
Salaries	481,286	(24,005)	457,281	457,281	
Other Purchased Services	1,925	(1,314)	611	418	193
Supplies and Materials	5,250	(1,089)	4,161	3,246	915
Total Admin. Info. Tech.	<u>488,461</u>	<u>(26,408)</u>	<u>462,053</u>	<u>460,945</u>	<u>1,108</u>
Required Maintenance for School Facilities					
Salaries	580,898	21,209	602,107	591,638	10,469
Cleaning, Repair and Maintenance Services	267,500	(35,073)	232,427	207,682	24,745
General Supplies	154,000	10,115	164,115	143,755	20,360
Total Required Maint. For School Facilities	<u>1,002,398</u>	<u>(3,749)</u>	<u>998,649</u>	<u>943,075</u>	<u>55,574</u>
Security					
Salaries	21,500	(21,500)	-	-	-
Total Security	<u>21,500</u>	<u>(21,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Custodial Services					
Salaries	364,711	(46,394)	318,317	307,988	10,329
Purchased Professional and Technical Services	2,067,032	32,763	2,099,795	2,041,145	58,650
Cleaning, Repair and Maintenance Services	162,200	(21,690)	140,510	119,998	20,512
Rental of Land and Bldg. Oth. Than Lease Purchase	10,001		10,001	10,000	1
Other Purchased Property Services	62,200	434	62,634	59,048	3,586
Insurance	284,163	(23,400)	260,763	260,382	381
Miscellaneous Purchased Services	22,625	904	23,529	22,715	814
General Supplies	188,500	3,645	192,145	182,478	9,667
Energy (Gas)	320,000	(18,926)	301,074	265,065	36,009
Energy (Electricity)	530,000	112,795	642,795	592,365	50,430
Other Objects	1,800	561	2,361	2,121	240
Total Custodial Services	<u>4,013,232</u>	<u>40,692</u>	<u>4,053,924</u>	<u>3,863,305</u>	<u>190,619</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance - Final To Actual
CURRENT					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg.	\$ 55,600	\$ 272	\$ 55,872	\$ 55,872	
Management Fee - ESC Transp. Prog.	4,370		4,370	3,511	\$ 859
Contracted Services - Aid In Lieu of Payment for Non-public School Students	201,552	1,548	203,100	154,337	48,763
Contracted Services (Between Home and School) - Vendors	2,251,111	(14,511)	2,236,600	2,198,760	37,840
Contracted Services (Other Than Between Home and School) - Vendors	296,250	28,891	325,141	310,244	14,897
Contracted Services (Special Education Students)- Vendors	1,303,985	17,935	1,321,920	1,306,954	14,966
Contracted Services (Special Education Students)- Joint Agreements	5,356	2,585	7,941	5,908	2,033
Misc. Purchased Svc. - Transportation	3,700		3,700	3,250	450
Other Objects	2,200	-	2,200	200	2,000
Total Student Transportation Services	4,124,124	36,720	4,160,844	4,039,036	121,808
Unallocated Benefits - Employee Benefits					
Social Security Contributions	750,000	12,982	762,982	762,982	
Other Retirement Contributions - PERS	557,580	73,000	630,580	630,509	71
Other Retirement Contributions - DCRP	24,715	(1,807)	22,908	18,500	4,408
Workmen's Compensation	280,796	-	280,796	258,248	22,548
Health Benefits	9,661,098	(583,852)	9,077,246	8,900,006	177,240
Tuition Reimbursement	261,620	125,592	387,212	371,388	15,824
Other Employee Benefits	80,820	178,532	259,352	257,784	1,568
Total Unallocated Benefits	11,616,629	(195,553)	11,421,076	11,199,417	221,659
On Behalf TPAF Payments (Non-Budgeted)					
Pension Contribution				3,545,566	(3,545,566)
Non Contributory Insurance				128,464	(128,464)
Post Retirement Medical Contribution				3,061,303	(3,061,303)
Long Term Disability Insurance				8,552	(8,552)
Social Security Contribution	-	-	-	2,508,506	(2,508,506)
Total On-Behalf Payments	-	-	-	9,252,391	(9,252,391)
Total Undistributed Expenditures	37,703,986	1,447,133	39,151,119	46,753,765	(7,602,646)
Interest Earned on Maintenance Reserve	1,000	(1,000)	-	-	-
Total - Current Expenditures	72,400,143	1,231,004	73,631,147	81,780,165	(8,149,018)

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Child Study Team		\$ 6,800	\$ 6,800	\$ 6,800	
School Admin		7,923	7,923	4,624	\$ 3,299
Required Maintenance for School Facilities (Non Instr.)	\$ 35,000	47,983	82,983	50,800	32,183
Total Equipment	<u>35,000</u>	<u>62,706</u>	<u>97,706</u>	<u>62,224</u>	<u>35,482</u>
Facilities Acquisition and Construction Services					
Salaries	10,000	(3,299)	6,701		6,701
Architectural/Engineering Services		16,000	16,000	8,773	7,227
Other Purchased Professional and Technical Services		230,000	230,000	158,424	71,576
Construction Services	1,087,625	(98,248)	989,377	134,053	855,324
General Supplies	20,000	(18,500)	1,500		1,500
Assessment for Debt Service on SDA Funding	31,043	-	31,043	31,043	-
Total Facilities Acquisition and Construction Services	<u>1,148,668</u>	<u>125,953</u>	<u>1,274,621</u>	<u>332,293</u>	<u>942,328</u>
Interest Deposit to Capital Reserve	1,500	(1,500)	-	-	-
Total Capital Outlay	<u>1,185,168</u>	<u>187,159</u>	<u>1,372,327</u>	<u>394,517</u>	<u>977,810</u>
Transfer to Charter Schools	25,821	2,798	28,619	26,795	1,824
Total Expenditures - General Fund	<u>73,611,132</u>	<u>1,420,961</u>	<u>75,032,093</u>	<u>82,201,477</u>	<u>(7,169,384)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,991,630)	(1,420,961)	(4,412,591)	(1,364,670)	3,047,921
Other Financing Sources					
Capital Lease Proceeds	-	-	-	1,023,361	1,023,361
Operating Transfer Out - Food Service Enterprise Fund	-	(47,425)	(47,425)	(47,425)	-
Total Other Financing Sources	<u>-</u>	<u>(47,425)</u>	<u>(47,425)</u>	<u>975,936</u>	<u>1,023,361</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(2,991,630)	(1,468,386)	(4,460,016)	(388,734)	4,071,282
Fund Balances, Beginning of Year	9,322,755	-	9,322,755	9,322,755	-
Fund Balances, End of Year	<u>\$ 6,331,125</u>	<u>\$ (1,468,386)</u>	<u>\$ 4,862,739</u>	<u>\$ 8,934,021</u>	<u>\$ 4,071,282</u>
Recapitulation of Fund Balance:					
Capital Reserve				\$ 2,422,172	
Capital Reserve - Designated for Subsequent Year's Budget				470,000	
Maintenance Reserve				51,000	
Maintenance Reserve - Designated for Subsequent Year's Budget				70,000	
Excess Surplus				1,000,000	
Excess Surplus- Designated for Subsequent Year's Budget				1,000,000	
Encumbrances				77,703	
Designated for Subsequent Year's Budget				1,200,000	
Unassigned				<u>2,643,146</u>	
Reconciliation to Governmental Funds Statements (GAAP):				8,934,021	
Less: State Aid Not Recognized on GAAP Basis				<u>(2,990,393)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 5,943,628</u>	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 42,931	\$ 42,931	\$ 39,273	\$ (3,658)
State Sources	\$ 121,500	2,903	124,403	117,813	(6,590)
Federal Sources	834,222	185,084	1,019,306	926,723	(92,583)
Total Revenues	<u>955,722</u>	<u>230,918</u>	<u>1,186,640</u>	<u>1,083,809</u>	<u>(102,831)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	86,912	8,939	95,851	86,351	9,500
Purchased Professional Services	12,820	33,390	46,210	12,750	33,460
Other Purchased Services		19,885	19,885	18,580	1,305
Tuition	698,290	47,007	745,297	719,519	25,778
General Supplies		77,021	77,021	68,921	8,100
Textbooks	22,500	(2,902)	19,598	19,129	469
Other Objects	-	2,180	2,180	500	1,680
Total Instruction	<u>820,522</u>	<u>185,520</u>	<u>1,006,042</u>	<u>925,750</u>	<u>80,292</u>
Support Services					
Salaries		6,000	6,000	6,000	
Personal Services - Employee Benefits		15,443	15,443	15,290	153
Purchased Prof./Educational Services		29,567	29,567	19,925	9,642
Other Purchased Services	135,200	(11,112)	124,088	111,894	12,194
Supplies and Materials		5,000	5,000	4,950	50
Other Objects	-	500	500	-	500
Total Support Services	<u>135,200</u>	<u>45,398</u>	<u>180,598</u>	<u>158,059</u>	<u>22,539</u>
Total Expenditures	<u>955,722</u>	<u>230,918</u>	<u>1,186,640</u>	<u>1,083,809</u>	<u>102,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Sources/Inflows of Resources			
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 80,836,807	\$ 1,083,809	
Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2017			
Encumbrances, June 30, 2016		1,508	
2016/2017 State Aid recognized for budgetary purposes, not recognized for GAAP statements	(2,990,393)		
2015/2016 State Aid recognized for GAAP purposes, not recognized for budgetary statements	<u>2,339,143</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 80,185,557</u>	<u>\$ 1,085,317</u>	
Uses/Outflows of Resources			
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 82,201,477	\$ 1,083,809	
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes			
Encumbrances, June 30, 2017	-		
Encumbrances, June 30, 2016	<u>-</u>	<u>1,508</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 82,201,477</u>	<u>\$ 1,085,317</u>	

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07010%	0.06755%	0.06063%	0.05438%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,763,330	\$ 15,164,540	\$ 11,353,116	\$ 10,394,920
District's Covered-Employee Payroll	\$ 4,395,390	\$ 4,707,825	\$ 4,399,532	\$ 3,973,738
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	472%	322%	258%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.92%	52.08%	48.72%

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

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

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

Public Employees Retirement System

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 622,810	\$ 580,784	\$ 500,916	\$ 409,814
Contributions in Relation to the Contractually Required Contribution	<u>622,810</u>	<u>580,784</u>	<u>500,916</u>	<u>409,814</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 4,395,390	\$ 4,707,825	\$ 4,399,532	\$ 3,973,738
Contributions as a Percentage of Covered-Employee Payroll	14.17 %	12.33 %	11.39 %	10.31 %

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

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 254,647,090</u>	<u>\$ 203,237,190</u>	<u>\$ 167,054,854</u>	<u>\$ 157,248,212</u>
Total	<u>\$ 254,647,090</u>	<u>\$ 203,237,190</u>	<u>\$ 167,054,854</u>	<u>\$ 157,248,212</u>
District's Covered-Employee Payroll	\$ 33,482,709	\$ 33,462,833	\$ 32,580,046	\$ 31,155,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.74%	33.64%	33.76%

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NCLB				IDEA, Part B		Total Page 2	Total
	Title I	Title II-A	Title III	Title III Immigrant	Basic	Preschool		
REVENUES								
Intergovernmental								
State							\$ 117,813	\$ 117,813
Federal	\$ 105,121	\$ 41,559	\$ 16,613	\$ 8,037	\$ 727,103	\$ 28,290		926,723
Other	-	-	-	-	-	-	39,273	39,273
Total Revenues	<u>105,121</u>	<u>41,559</u>	<u>16,613</u>	<u>8,037</u>	<u>727,103</u>	<u>28,290</u>	<u>157,086</u>	<u>1,083,809</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	86,351						-	86,351
Purchased Professional Services			12,750				-	12,750
Other Purchased Services							18,580	18,580
Tuition					719,519	-		719,519
General Supplies	3,939		872	1,578	7,584	28,290	26,658	68,921
Textbooks							19,129	19,129
Other Objects	-	-	-	-	-	-	500	500
Total Instruction	<u>90,290</u>	<u>-</u>	<u>13,622</u>	<u>1,578</u>	<u>727,103</u>	<u>28,290</u>	<u>64,867</u>	<u>925,750</u>
Support Services								
Salaries				6,000				6,000
Personal Services Employee-Benefits	14,831			459				15,290
Purchased Prof./Ed. Serv.	-	7,320	-	-	-		12,605	19,925
Other Purchased Services	-	34,239	2,991	-	-		74,664	111,894
Supplies and Materials	-	-	-	-	-		4,950	4,950
Total Support Services	<u>14,831</u>	<u>41,559</u>	<u>2,991</u>	<u>6,459</u>	<u>-</u>	<u>-</u>	<u>92,219</u>	<u>158,059</u>
Total Expenditures	<u>105,121</u>	<u>41,559</u>	<u>16,613</u>	<u>8,037</u>	<u>727,103</u>	<u>28,290</u>	<u>157,086</u>	<u>1,083,809</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NJ Nonpublic Aid				Nonpublic Auxiliary Services	Nonpublic Handicapped Services			Other Local Programs	Total Page 2
	<u>Nursing</u>	<u>Textbooks</u>	<u>Technology</u>	<u>Security</u>	<u>Comp. Ed.</u>	<u>Exam and Class</u>	<u>Corrective Speech</u>	<u>Supplemental Instruction</u>		
REVENUES										
Intergovernmental										
State	\$ 30,420	\$ 19,129	\$ 8,840	\$ 16,900	\$ 6,728	\$ 12,605	\$ 15,815	\$ 7,376		\$ 117,813
Other	-	-	-	-	-	-	-	-	\$ 39,273	39,273
Total Revenues	<u>30,420</u>	<u>19,129</u>	<u>8,840</u>	<u>16,900</u>	<u>6,728</u>	<u>12,605</u>	<u>15,815</u>	<u>7,376</u>	<u>39,273</u>	<u>157,086</u>
EXPENDITURES										
Instruction										
Salaries of Teachers										-
Other Purchased Services									18,580	18,580
General Supplies			8,840	16,900					918	26,658
Textbooks		19,129								19,129
Other Objects	-	-	-	-	-	-	-	-	500	500
Total Instruction	<u>-</u>	<u>19,129</u>	<u>8,840</u>	<u>16,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,998</u>	<u>64,867</u>
Support Services										
Purchased Prof. and Ed. Serv.	-					12,605				12,605
Other Purchased Services	30,420	-	-	-	6,728	-	15,815	7,376	14,325	74,664
Supplies and Materials	-	-	-	-	-	-	-	-	4,950	4,950
Total Support Services	<u>30,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,728</u>	<u>12,605</u>	<u>15,815</u>	<u>7,376</u>	<u>19,275</u>	<u>92,219</u>
Total Expenditures	<u>30,420</u>	<u>19,129</u>	<u>8,840</u>	<u>16,900</u>	<u>6,728</u>	<u>12,605</u>	<u>15,815</u>	<u>7,376</u>	<u>39,273</u>	<u>157,086</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2017</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Improvements to Montville High School	\$ 22,580,000	\$ 22,540,781	\$ -	\$ 39,219
Security System Upgrade				
Montville High School	189,146	186,931		2,215
Cedar Hill Elementary School	124,260	122,805		1,455
Robert R. Lazar Middle School	127,170	125,680		1,490
Hilldale Elementary School	113,087	111,761		1,326
Valley View Elementary School	119,958	118,553		1,405
William H. Mason, Jr. Elementary School	107,013	105,760		1,253
Woodmont Elementary School	114,342	112,932	-	1,410
	<u>\$ 23,474,976</u>	<u>\$ 23,425,203</u>	<u>\$ -</u>	<u>\$ 49,773</u>
Project Balances, June 30, 2017				\$ 49,773
Less:				
Debt Authorized but Not Issued				(313)
Fund Balance, June 30, 2017 (Budgetary Basis)				<u>\$ 49,460</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources

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

Expenditures and Other Financing Uses

Construction Services	-
Transfer to General Fund	<u> -</u>
 Total Expenditures and Other Financing Uses	 <u> -</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over
(Under) Expenditures and Other Financing Uses

-

Fund Balance July 1, 2016	<u> 49,460</u>
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Fund Balance June 30, 2017	\$ <u> 49,460</u>
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Reconciliation to Governmental Funds Statements (GAAP):

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
IMPROVEMENTS TO MONTVILLE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 4,187,687		\$ 4,187,687	\$ 4,187,687
Other Local Sources	313		313	313
Bond Proceeds	<u>18,392,000</u>	<u>-</u>	<u>18,392,000</u>	<u>18,392,000</u>
 Total Revenues and Other Financing Sources	 <u>22,580,000</u>	 <u>-</u>	 <u>22,580,000</u>	 <u>22,580,000</u>
Expenditures and Other Financing Uses				
Salaries	118,333		118,333	118,333
Legal Services	450,517		450,517	450,517
Purchased Professional and Technical Services	2,272,511		2,272,511	2,272,511
Judgements	545,000		545,000	545,000
General Supplies	1,337,130		1,337,130	1,337,130
Other Objects	243,440		243,440	243,440
Construction Services	17,573,850		17,573,850	17,573,850
Unallocated	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,219</u>
 Total Expenditures and Other Financing Uses	 <u>22,540,781</u>	 <u>-</u>	 <u>22,540,781</u>	 <u>22,580,000</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 39,219</u>	 <u>\$ -</u>	 <u>\$ 39,219</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	3340-010-01-0478			
Grant Date	2002			
Bond Authorization Date	2002			
Bonds Authorized	\$ 18,392,313			
Bonds Issued	\$ 18,392,000			
Original Authorized Cost	\$ 22,580,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 22,580,000			
 Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2007			
Revised Target Completion Date	June 30, 2007			

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - MONTVILLE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 75,658		\$ 75,658	\$ 75,658
Transfer from Capital Outlay/Capital Reserve	113,488	-	113,488	113,488
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	189,146	-	189,146	189,146
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,509		1,509	1,509
Construction Services	185,422	-	185,422	187,637
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	186,931	-	186,931	189,146
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	<u>\$ 2,215</u>	<u>\$ -</u>	<u>\$ 2,215</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	3340-010-09-OUAB			
Grant Date	2010			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 189,146			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 189,146			
 Percentage Increase Over Original Authorized Cost 0.00%				
Percentage Completion 100.00%				
Original Target Completion Date June 30, 2013				
Revised Target Completion Date June 30, 2013				

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - CEDAR HILL ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 49,704		\$ 49,704	\$ 49,704
Transfer from Capital Outlay/Capital Reserve	74,556	-	74,556	74,556
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	124,260	-	124,260	124,260
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	382		382	382
Construction Services	122,423	-	122,423	123,878
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	122,805	-	122,805	124,260
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	<u>\$ 1,455</u>	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	3340-025-09-OUAD			
Grant Date	2010			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 124,260			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 124,260			
 Percentage Increase Over Original Authorized Cost 0.00%				
Percentage Completion 100.00%				
Original Target Completion Date June 30, 2013				
Revised Target Completion Date June 30, 2013				

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - ROBERT R. LAZAR MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 50,868		\$ 50,868	\$ 50,868
Transfer from Capital Outlay/Capital Reserve	76,302	-	76,302	76,302
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	127,170	-	127,170	127,170
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	391		391	391
Construction Services	125,289	-	125,289	126,779
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	125,680	-	125,680	127,170
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ 1,490</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	3340-030-09-OUAF			
Grant Date	2010			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 127,170			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 127,170			
 Percentage Increase Over Original Authorized Cost 0.00%				
Percentage Completion 100.00%				
Original Target Completion Date June 30, 2013				
Revised Target Completion Date June 30, 2013				

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - HILLDALE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Additional Project Information:

Project Number	3340-050-09-OUAH
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 113,087
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 113,087
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - VALLEY VIEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Additional Project Information:

Project Number	3340-055-09-GUAI
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 119,958
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 119,958
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - WILLIAM MASON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>		<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources- SDA Grant	\$ 42,805		\$ 42,805	\$	42,805
Transfer from Capital Outlay/Capital Reserve	64,208	-	64,208		64,208
	<u>107,013</u>	<u>-</u>	<u>107,013</u>		<u>107,013</u>
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	329		329		329
Construction Services	105,431	-	105,431		106,684
	<u>105,760</u>	<u>-</u>	<u>105,760</u>		<u>107,013</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,253</u>	<u>\$ -</u>	<u>\$ 1,253</u>	<u>\$</u>	<u>-</u>

Additional Project Information:

Project Number	3340-065-09-OUAJ
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 107,013
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 107,013
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY SYSTEM UPGRADE - WOODMONT ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Additional Project Information:

Project Number	3340-070-09-OUAK
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 114,342
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 114,342
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

ENTERPRISE FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 24,725	\$ 531,671	\$ 556,396
Receivables			
Accounts		10,305	10,305
Inventories	<u>7,215</u>	<u>-</u>	<u>7,215</u>
Total Current Assets	<u>31,940</u>	<u>541,976</u>	<u>573,916</u>
Capital Assets			
Furniture, Machinery and Equipment	383,853		383,853
Less Accumulated Depreciation	<u>(279,596)</u>	<u>-</u>	<u>(279,596)</u>
Total Capital Assets	<u>104,257</u>	<u>-</u>	<u>104,257</u>
Total Assets	<u>136,197</u>	<u>541,976</u>	<u>678,173</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	32,549	1,382	33,931
Due to Other Funds	87,179	410,000	497,179
Unearned Revenue		77,560	77,560
Other Current Liabilities	<u>-</u>	<u>1,975</u>	<u>1,975</u>
Total Current Liabilities	<u>119,728</u>	<u>490,917</u>	<u>610,645</u>
NET POSITION			
Net Investment in Capital Assets	104,257		104,257
Unrestricted	<u>(87,788)</u>	<u>51,059</u>	<u>(36,729)</u>
Total Net Position	<u>\$ 16,469</u>	<u>\$ 51,059</u>	<u>\$ 67,528</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales	\$ 885,625		\$ 885,625
Special Functions	27,035		27,035
Program Fees	-	\$ 773,984	773,984
	<u>912,660</u>	<u>773,984</u>	<u>1,686,644</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	367,699	662,465	1,030,164
Management Fee	52,179		52,179
Supplies and Materials	28,407	42,880	71,287
Repairs and Maintenance	12,061		12,061
Utilities		18,750	18,750
Miscellaneous	53,156	2,355	55,511
Cost of Sales	408,849		408,849
Depreciation	13,019	-	13,019
	<u>935,370</u>	<u>726,450</u>	<u>1,661,820</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(22,710)</u>	<u>47,534</u>	<u>24,824</u>
Nonoperating Revenues			
Interest Income	463	-	463
	<u>463</u>	<u>-</u>	<u>463</u>
Total Nonoperating Revenues			
Income (Loss) Before Transfers	<u>(22,247)</u>	<u>47,534</u>	<u>25,287</u>
Transfer in	47,425	-	47,425
	<u>47,425</u>	<u>-</u>	<u>47,425</u>
Change in Net Position	25,178	47,534	72,712
Net Position, Beginning of Year	<u>(8,709)</u>	<u>3,525</u>	<u>(5,184)</u>
Net Position, End of Year	<u>\$ 16,469</u>	<u>\$ 51,059</u>	<u>\$ 67,528</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 912,660	\$ 798,353	\$ 1,711,013
Cash Payments for Employees Salaries & Benefits	(367,699)	(662,465)	(1,030,164)
Cash Payments to Suppliers for Goods and Services	<u>(544,007)</u>	<u>(64,157)</u>	<u>(608,164)</u>
Net Cash Provided by (Used for) Operating Activities	<u>954</u>	<u>71,731</u>	<u>72,685</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from (Payments Made to) Other Funds	<u>52,426</u>	<u>50,000</u>	<u>102,426</u>
Net Cash Provided by Noncapital Financing Activities	<u>52,426</u>	<u>50,000</u>	<u>102,426</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	<u>(48,651)</u>	<u>-</u>	<u>(48,651)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(48,651)</u>	<u>-</u>	<u>(48,651)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>463</u>	<u>-</u>	<u>463</u>
Net Cash Provided by Investing Activities	<u>463</u>	<u>-</u>	<u>463</u>
Net Change in Cash and Cash Equivalents	5,192	121,731	126,923
Cash and Cash Equivalents, Beginning of Year	<u>19,533</u>	<u>409,940</u>	<u>429,473</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,725</u>	<u>\$ 531,671</u>	<u>\$ 556,396</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating (Loss)	\$ (22,710)	\$ 47,534	\$ 24,824
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	13,019		13,019
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable		(4,150)	(4,150)
Increase/(Decrease) in Accounts Payable	11,381	(172)	11,209
Increase/(Decrease) in Other Current Liabilities		(2,167)	(2,167)
Increase/(Decrease) in Unearned Revenue		30,686	30,686
Decrease/(Increase) in Inventory	<u>(736)</u>	<u>-</u>	<u>(736)</u>
Total Adjustments	<u>23,664</u>	<u>24,197</u>	<u>47,861</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 954</u>	<u>\$ 71,731</u>	<u>\$ 72,685</u>

FIDUCIARY FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 229,394	\$ 1,518,898	\$ 1,748,292
Total Assets	<u>\$ 229,394</u>	<u>\$ 1,518,898</u>	<u>\$ 1,748,292</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 403,685	\$ 403,685
Summer Savings		951,283	951,283
Accrued Salaries and Wages		72	72
Reserve for Flex Spending		23,805	23,805
Reserve for Cobra		3,933	3,933
Due to Other Funds		136,120	136,120
Due to Student Groups	\$ 229,394	-	229,394
Total Liabilities	<u>\$ 229,394</u>	<u>\$ 1,518,898</u>	<u>\$ 1,748,292</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>School</u>	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
ELEMENTARY SCHOOLS				
William Mason	\$ 18,911	\$ 7,666	\$ 7,917	\$ 18,660
Woodmont	6,439	8,885	9,252	6,072
Cedar Hill	1,338	14,328	9,491	6,175
Hilldale	4,982	16,044	15,888	5,138
Valley View	10,927	19,526	19,705	10,748
MIDDLE SCHOOL				
Robert R. Lazar	20,233	119,159	122,537	16,855
HIGH SCHOOL				
Montville High School	143,112	366,633	348,549	161,196
Athletic Account	(109)	95,106	90,447	4,550
Total	<u>\$ 205,833</u>	<u>\$ 647,347</u>	<u>\$ 623,786</u>	<u>\$ 229,394</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 393,739	\$ 22,158,865	\$ 22,148,919	\$ 403,685
Summer Savings	837,510	951,283	837,510	951,283
Accrued Salaries and Wages	72	27,079,568	27,079,568	72
Reserve for Flex Spending	25,823	69,902	71,920	23,805
Reserve for COBRA	3,933	25	25	3,933
Due to/(from) Other Funds				
General Fund	5,693	4,271		9,964
Unemployment Trust Fund	66,452	59,704	-	126,156
	<u>\$ 1,333,222</u>	<u>\$ 50,323,618</u>	<u>\$ 50,137,942</u>	<u>\$ 1,518,898</u>

LONG-TERM DEBT

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Refunding Bonds	11/16/2004	\$ 10,755,000	7/15/2017 7/15/2018	\$ 845,000 835,000	5.00% 5.00%	\$ 2,530,000		\$ 850,000	\$ 1,680,000
Refunding Bonds	2/6/2008	7,230,000	8/1/2017 8/1/2018 8/1/2019 8/1/2020 8/1/2021	625,000 620,000 670,000 670,000 670,000	4.25% 5.00% 5.00% 4.625% 4.375%	3,880,000		625,000	3,255,000
Refunding Bonds	2/16/2016	5,200,000	2/1/2018 2/1/2019 2/1/2020 2/1/2021 2/1/2022 2/1/2023	640,000 725,000 775,000 805,000 850,000 840,000	3.000% 3.000% 3.000% 4.000% 4.000% 4.000%	5,200,000	\$ -	565,000	4,635,000
						<u>\$ 11,610,000</u>	<u>\$ -</u>	<u>\$ 2,040,000</u>	<u>\$ 9,570,000</u>

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>School Year</u>	<u>Original Amount</u>	<u>Balance, July 1, 2016 (Restated)</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Acquisition of Computers	2012/13	\$ 449,744	\$ 104,378		\$ 96,238	\$ 8,140
Acquisition of Computers and Copiers	2013/14	341,461	77,525		77,525	
Acquisition of Computers	2014/15	366,971	134,664		124,208	10,456
Acquisition of Computers	2015/16	938,473	759,576		183,960	575,616
Acquisition of Computers	2016/17	1,023,661	-	\$ 1,023,361	-	1,023,361
			<u>\$ 1,076,143</u>	<u>\$ 1,023,361</u>	<u>\$ 481,931</u>	<u>\$ 1,617,573</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final to Actual</u>
REVENUES:					
Local Sources:					
Property Tax Levy	\$ 2,380,459		\$ 2,380,459	\$ 2,380,459	
State Sources					
Debt Service Aid	<u>160,485</u>	<u>-</u>	<u>160,485</u>	<u>160,485</u>	<u>-</u>
Total Revenues	<u>2,540,944</u>	<u>-</u>	<u>2,540,944</u>	<u>2,540,944</u>	<u>-</u>
EXPENDITURES:					
Debt Service:					
Principal	2,055,000		2,055,000	2,040,000	\$ 15,000
Interest	<u>485,944</u>	<u>-</u>	<u>485,944</u>	<u>431,939</u>	<u>54,005</u>
Total Expenditures	<u>2,540,944</u>	<u>-</u>	<u>2,540,944</u>	<u>2,471,939</u>	<u>69,005</u>
Excess of Revenues Under Expenditures	-		-	69,005	69,005
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 69,006</u>	<u>\$ 69,005</u>

Recapitulation of Fund Balance

Designated for Subsequent Year's Budget	\$ 1
Restricted for Debt Service	<u>69,005</u>
	<u>\$ 69,006</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 10,563,880	\$ 11,707,487	\$ 11,094,896	\$ 14,062,646	\$ 15,224,134	\$ 17,759,383	\$ 20,832,098	\$ 21,959,713	\$ 25,261,772	\$ 25,839,990
Restricted	242,782	1,732,825	1,510,924	1,220,819	3,420,820	4,768,830	5,824,111	5,271,211	3,399,251	3,013,172
Unrestricted	2,128,809	2,137,441	1,894,213	2,677,311	3,184,008	2,750,891	2,440,413	(8,203,422)	(9,285,711)	(12,911,837)
Total Governmental Activities Net Position	\$ 12,935,471	\$ 15,577,753	\$ 14,500,033	\$ 17,960,776	\$ 21,828,962	\$ 25,279,104	\$ 29,096,622	\$ 19,027,502	\$ 19,375,312	\$ 15,941,325
Business-Type Activities										
Investment in Capital Assets	\$ 103,341	\$ 90,221	\$ 77,283	\$ 64,444	\$ 51,712	\$ 39,942	\$ 29,110	\$ 81,644	\$ 68,625	\$ 104,257
Unrestricted	1,004,139	1,051,884	1,196,064	1,046,391	782,208	552,083	257,559	20,508	(73,809)	(36,729)
Total Business-Type Activities Net Position	\$ 1,107,480	\$ 1,142,105	\$ 1,273,347	\$ 1,110,835	\$ 833,920	\$ 592,025	\$ 286,669	\$ 102,152	\$ (5,184)	\$ 67,528
District-Wide										
Net Investment in Capital Assets	\$ 10,667,221	\$ 11,797,708	\$ 11,172,179	\$ 14,127,090	\$ 15,275,846	\$ 17,799,325	\$ 20,861,208	\$ 22,041,357	\$ 25,330,397	\$ 25,944,247
Restricted	242,782	1,732,825	1,510,924	1,220,819	3,420,820	4,768,830	5,824,111	5,271,211	3,399,251	3,013,172
Unrestricted	3,132,948	3,189,325	3,090,277	3,723,702	3,966,216	3,302,974	2,697,972	(8,182,914)	(9,359,520)	(12,948,566)
Total District Net Position	\$ 14,042,951	\$ 16,719,858	\$ 15,773,380	\$ 19,071,611	\$ 22,662,882	\$ 25,871,129	\$ 29,383,291	\$ 19,129,654	\$ 19,370,128	\$ 16,008,853

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 30,965,510	\$ 30,770,482	\$ 30,867,596	\$ 29,883,027	\$ 29,625,688	\$ 32,169,118	\$ 30,795,183	\$ 36,547,777	\$ 38,487,105	\$ 43,938,994
Special Education	7,089,567	7,391,380	8,491,808	9,992,855	10,884,258	11,793,271	12,047,604	15,091,383	16,531,227	18,580,325
Other Instruction	849,294	940,296	732,337	1,206,905	1,394,338	1,359,022	1,308,220	1,997,181	1,994,970	2,540,006
School Sponsored Activities and Athletics	1,409,346	1,652,925	1,798,207	1,506,607	1,690,044	1,678,295	1,719,860	1,867,670	2,050,675	2,208,739
Support Services:										
Student & Instruction Related Services	9,235,493	9,599,153	9,742,024	9,259,691	9,720,565	10,055,231	10,720,288	12,554,475	13,470,822	15,521,847
School Administrative Services	3,386,170	2,965,228	3,040,190	3,110,820	2,987,170	3,302,622	3,102,053	3,151,180	3,380,103	4,258,151
General Administration	1,637,703	1,669,060	1,488,863	1,494,562	1,641,283	1,498,262	1,421,243	1,936,938	2,471,717	1,911,715
Business/Central Services	1,142,351	1,194,161	1,233,403	1,159,531	1,207,942	1,277,188	1,348,617	1,367,836	1,439,620	1,604,606
Plant Operations and Maintenance	6,528,147	6,516,878	6,586,201	5,658,951	5,852,882	5,690,169	5,516,674	6,106,178	6,361,161	6,905,148
Pupil Transportation	3,316,468	3,436,088	3,411,953	3,277,783	3,373,629	3,398,060	3,537,149	3,858,003	4,098,468	4,068,580
Interest on Long-Term Debt	1,158,531	1,029,060	1,007,607	924,295	891,206	780,680	699,486	626,181	606,495	359,849
Total Governmental Activities Expenses	66,718,580	67,164,711	68,400,189	67,475,027	69,269,005	73,001,918	72,216,377	85,104,802	90,892,363	101,897,960
Business-Type Activities:										
Enterprise Funds	1,229,302	1,360,033	1,214,124	1,434,404	1,523,210	1,537,053	1,585,291	1,637,939	1,700,913	1,661,820
Total Business-Type Activities Expense	1,229,302	1,360,033	1,214,124	1,434,404	1,523,210	1,537,053	1,585,291	1,637,939	1,700,913	1,661,820
Total District Expenses	\$ 67,947,882	\$ 68,524,744	\$ 69,614,313	\$ 68,909,431	\$ 70,792,215	\$ 74,538,971	\$ 73,801,668	\$ 86,742,741	\$ 92,593,276	\$ 103,559,780
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 347,720	\$ 349,228	\$ 305,031	\$ 564,643	\$ 563,353	\$ 479,295	\$ 480,781	\$ 442,373	\$ 440,231	\$ 415,478
Operating Grants and Contributions	9,185,286	9,080,919	8,749,354	6,787,584	8,945,638	10,868,364	10,128,206	18,459,436	22,937,619	29,796,550
Capital Grants and Contributions	36,284	64,585	946,483	638,936	117,506	16,562	294,196	4,741	14,494	-
Total Governmental Activities Program Revenues	9,569,290	9,494,732	10,000,868	7,991,163	9,626,497	11,364,221	10,903,183	18,906,550	23,392,344	30,212,028
Business-Type Activities:										
Charges for Services										
Enterprise Funds	1,327,570	1,370,001	1,323,532	1,251,144	1,225,922	1,277,154	1,265,087	1,453,167	1,593,163	1,686,644
Operating Grants and Contributions	23,117	22,470	18,665	17,538	16,855	16,128	14,270	-	1,686,644	-
Total Business Type Activities Program Revenues	1,350,687	1,392,471	1,342,197	1,268,682	1,242,777	1,293,282	1,279,357	1,453,167	3,279,807	1,686,644
Total District Program Revenues	\$ 10,919,977	\$ 10,887,203	\$ 11,343,065	\$ 9,259,845	\$ 10,869,274	\$ 12,657,503	\$ 12,182,540	\$ 20,359,717	\$ 26,672,151	\$ 31,898,672
Net (Expense)/Revenue										
Governmental Activities	\$ (57,149,290)	\$ (57,669,979)	\$ (58,399,321)	\$ (59,483,864)	\$ (59,642,508)	\$ (61,637,697)	\$ (61,313,194)	\$ (66,198,252)	\$ (67,500,019)	\$ (71,685,932)
Business-Type Activities	121,385	32,438	128,073	(165,722)	(280,433)	(243,771)	(305,934)	(184,772)	1,578,894	24,824
Total District-Wide Net Expense	\$ (57,027,905)	\$ (57,637,541)	\$ (58,271,248)	\$ (59,649,586)	\$ (59,922,941)	\$ (61,881,468)	\$ (61,619,128)	(66,383,024)	\$ (65,921,125)	\$ (71,661,108)

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 53,979,874	\$ 56,002,556	\$ 58,235,700	\$ 59,929,098	\$ 60,826,776	\$ 61,319,473	\$ 62,393,125	\$ 63,640,987	\$ 64,913,806	\$ 66,212,082
Taxes Levied for Debt Service	1,987,004	2,180,333	2,116,681	2,326,078	2,359,061	2,353,046	2,369,626	2,377,773	2,380,069	2,380,459
Federal and State Aid - Unrestricted	703,261	23,878	-	-	-	-	-	71,118	78,884	112,061
Federal and State Aid - Restricted	374,999	218,381	267,223	137,224	120,990	122,318	122,780	126,598	130,043	132,442
Loss on Disposal of Capital Assets										
Donated Capital Assets						990,000	-	-	-	-
Investment Earnings	202,641	130,231	138,754	93,257	119,460	106,784	32,074	30,249	39,653	54,846
Miscellaneous Income	332,935	1,756,883	239,679	458,950	440,193	196,218	213,107	277,327	305,374	167,056
Transfers	50,000									(47,425)
Total Governmental Activities	57,630,714	60,312,262	60,998,037	62,944,607	63,866,480	65,087,839	65,130,712	66,524,052	67,847,829	69,011,521
Business-Type Activities:										
Investment Earnings	2,482	2,187	3,169	3,210	3,518	1,876	578	255	414	463
Transfers	(50,000)									47,425
Total Business-Type Activities	(47,518)	2,187	3,169	3,210	3,518	1,876	578	255	414	47,888
Total District-Wide	\$ 57,583,196	\$ 60,314,449	\$ 61,001,206	\$ 62,947,817	\$ 63,869,998	\$ 65,089,715	\$ 65,131,290	\$ 66,524,307	\$ 67,848,243	\$ 69,059,409
Change in Net Position										
Governmental Activities	\$ 481,424	\$ 2,642,283	\$ 2,598,716	\$ 3,460,743	\$ 4,223,972	\$ 3,450,142	\$ 3,817,518	\$ 325,800	\$ 347,810	\$ (2,674,411)
Business-Type Activities	73,867	34,625	131,242	(162,512)	(276,915)	(241,895)	(305,356)	(184,517)	1,579,308	72,712
Total District	\$ 555,291	\$ 2,676,908	\$ 2,729,958	\$ 3,298,231	\$ 3,947,057	\$ 3,208,247	\$ 3,512,162	\$ 141,283	\$ 1,927,118	\$ (2,601,699)

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

	Fiscal Year Ended June 30.										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund											
Reserved	\$ 2,691,854	\$ 1,996,011	\$ 3,487,859	\$ 3,174,921							
Unreserved	1,674,748	2,133,589	1,280,893	1,228,287							
Restricted					\$ 2,654,830	\$ 5,788,973	\$ 7,011,651	\$ 7,766,356	\$ 7,006,808	\$ 5,233,256	\$ 5,013,172
Assigned					1,288,717	976,322	1,340,650	1,004,532	1,317,715	1,539,076	1,277,703
Unassigned	-	-	-	-	946,178	1,061,188	748,240	1,183,177	1,093,011	211,280	(347,247)
Total General Fund	<u>\$ 4,366,602</u>	<u>\$ 4,129,600</u>	<u>\$ 4,768,752</u>	<u>\$ 4,403,208</u>	<u>\$ 4,889,725</u>	<u>\$ 7,826,483</u>	<u>\$ 9,100,541</u>	<u>\$ 9,954,065</u>	<u>\$ 9,417,534</u>	<u>\$ 6,983,612</u>	<u>\$ 5,943,628</u>
All Other Governmental Funds											
Reserved	\$ 409,591	\$ 402,189	\$ 820,857	\$ 168,775							
Unreserved	1,058,396	905,493	1,349,968	1,435,698							
Restricted	-	-	-	-	\$ 914,534	\$ 698,669	\$ 647,698	\$ 54,692	\$ 49,275	\$ 47,164	\$ 116,169
Total All Other Governmental Funds	<u>\$ 1,467,987</u>	<u>\$ 1,307,682</u>	<u>\$ 2,170,825</u>	<u>\$ 1,604,473</u>	<u>\$ 914,534</u>	<u>\$ 698,669</u>	<u>\$ 647,698</u>	<u>\$ 54,692</u>	<u>\$ 49,275</u>	<u>\$ 47,164</u>	<u>\$ 116,169</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 55,966,878	\$ 58,182,889	\$ 60,352,381	\$ 62,255,176	\$ 63,185,837	\$ 63,672,519	\$ 64,762,751	\$ 66,018,760	\$ 67,293,875	\$ 68,592,541
Tuition Charges	48,256	51,349	50,223	35,038	63,586	145,010	167,730	140,049	147,706	131,082
Interest Earnings	202,641	130,231	138,754	93,257	119,460	106,784	32,074	30,249	39,653	54,846
Miscellaneous	667,318	2,109,908	517,478	1,037,608	957,785	558,599	588,541	619,216	636,963	492,233
State Sources	9,185,571	8,168,260	8,553,269	5,986,825	7,509,113	9,836,061	9,520,534	10,405,221	12,271,912	13,614,393
Federal Sources	1,079,340	1,164,357	1,386,800	1,527,866	1,657,196	1,143,087	962,265	966,437	1,032,314	926,723
Total Revenues	67,150,004	69,806,994	70,998,905	70,935,770	73,492,977	75,462,060	76,033,895	78,179,932	81,422,423	83,811,818
Expenditures										
Instruction										
Regular Instruction	30,904,995	30,575,715	30,814,168	29,717,295	29,501,634	32,045,000	30,679,893	31,919,138	32,256,333	34,473,922
Special Education Instruction	7,095,637	7,383,460	8,471,234	9,972,991	10,881,992	11,788,476	12,044,454	13,826,070	14,647,044	15,548,031
Other Instruction	846,467	935,435	729,537	1,196,573	1,387,379	1,353,814	1,304,141	1,727,485	1,657,928	1,954,296
School Sponsored Activities and Athletics	1,409,346	1,652,925	1,798,207	1,506,607	1,690,044	1,678,295	1,719,860	1,836,299	1,943,736	1,994,288
Support Services:										
Tuition										
Student & Inst. Related Services	9,225,144	9,553,107	9,761,985	9,271,615	9,690,302	9,990,034	10,680,432	11,509,430	11,885,101	12,752,652
General Administration	1,620,999	1,618,953	1,495,036	1,459,698	1,598,800	1,460,898	1,414,130	1,552,884	1,907,008	1,773,321
School Administrative Services	3,326,541	2,884,912	2,963,505	3,071,611	2,925,910	3,193,054	3,034,992	3,055,587	3,225,483	3,310,431
Business/Central Services	1,137,964	1,190,497	1,200,997	1,154,611	1,201,103	1,270,992	1,342,020	1,334,538	1,351,839	1,420,967
Plant Operations and Maintenance	5,254,786	5,209,144	5,345,340	4,697,964	4,468,632	4,450,850	4,206,787	4,714,822	4,694,972	5,145,849
Pupil Transportation	3,316,468	3,436,088	3,411,953	3,277,783	3,373,629	3,398,060	3,537,149	3,856,497	4,093,678	4,058,528
Capital Outlay	1,320,487	1,213,178	3,175,433	3,048,069	1,528,013	1,332,822	3,408,225	859,789	3,200,110	354,701
Debt Service:										
Principal	1,470,403	1,769,282	1,831,371	1,810,024	1,799,217	1,905,594	2,003,518	2,232,394	2,310,074	2,521,931
Interest and Other Charges	1,553,179	1,083,562	1,028,483	954,351	886,580	820,828	739,237	663,918	672,800	449,816
Total Expenditures	68,482,416	68,506,258	72,027,249	71,139,192	70,933,235	74,688,717	76,114,838	79,088,851	83,846,106	85,758,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,332,412)	1,300,736	(1,028,344)	(203,422)	2,559,742	773,343	(80,943)	(908,919)	(2,423,683)	(1,946,915)
Other Financing sources (uses)										
Original Issue Premium	710,280								475,024	-
Proceeds from Refunding	7,230,000								5,200,000	-
Payments to Escrow Agent	(7,530,000)								(5,580,169)	-
Proceeds from Capital Lease	474,825	201,559	96,448		161,051	449,744	341,461	366,971		1,023,361
Cancelled Grants Receivable									(107,205)	-
Transfers In	108,910	1,008,667	973,205	1,279,915	850,433	860,143	1,700,855		421,766	-
Transfers Out	(58,910)	(1,008,667)	(973,205)	(1,279,915)	(850,433)	(860,143)	(1,700,855)		(421,766)	(47,425)
Total Other Financing Sources (Uses)	935,105	201,559	96,448	-	161,051	449,744	341,461	366,971	(12,350)	975,936
Net Change in Fund Balances	\$ (397,307)	\$ 1,502,295	\$ (931,896)	\$ (203,422)	\$ 2,720,793	\$ 1,223,087	\$ 260,518	\$ (541,948)	\$ (2,436,033)	\$ (970,979)
Debt Service as a Percentage of Noncapital Expenditures	4.50%	4.24%	4.15%	4.06%	3.87%	3.72%	3.77%	3.70%	3.70%	3.48%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest Earned	Tuition	Transportation	Insurance/ Other Refunds	Facility Rental	Student Activity Fees	E-Rate	Miscellaneous	Total
2008	\$ 143,731	\$ 48,256	\$ 299,464					\$ 332,935	\$ 824,386
2009	80,557	51,349	297,879	\$ 1,603,680				153,203	2,186,668
2010	114,155	50,223	254,808	135,193	\$ 20,330			84,156	658,865
2011	93,257	35,038	374,805	327,227	20,055	\$ 155,100		111,368	1,116,850
2012	119,460	63,586	357,742	152,176	34,986	142,025		253,031	1,123,006
2013	106,784	145,010	334,285	117,346	37,279			41,593	782,297
2014	32,074	167,730	313,051	27,286	26,466			159,355	725,962
2015	30,249	140,049	302,324	22,854	10,718		\$ 109,344	134,411	749,949
2016	39,653	147,706	292,525	118,767	39,119		102,252	45,236	785,258
2017	54,846	131,082	284,396	101,989	10,124			54,943	637,380

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
2008	\$ 52,196,600	\$ 2,322,318,300	\$ 6,381,200	\$ 173,100	\$ 154,714,800	\$ 235,076,800	\$ 45,146,400	\$ 2,816,007,200	\$ 3,451,817	\$ 2,819,459,017	\$ 5,436,261,777	\$ 2.025
2009	47,408,700	2,344,737,600	6,809,300	174,500	155,571,200	233,776,700	45,146,400	2,833,624,400	3,528,121	2,837,152,521	5,611,334,177	2.089
2010	45,954,800	2,349,791,700	6,809,300	174,500	157,443,300	226,360,400	45,146,400	2,831,680,400	3,614,059	2,835,294,459	5,455,277,462	2.163
2011	43,282,600	2,350,094,700	6,117,500		158,075,000	225,728,500	45,046,400	2,828,344,700	2,969,737	2,831,314,437	5,171,193,594	2.216
2012 ^b	75,191,000	3,716,335,500	10,063,100	175,500	260,454,200	378,834,700	77,158,000	4,518,212,000	4,878,055	4,523,090,055	5,028,168,356	1.403
2013	64,615,400	3,711,437,300	9,338,600	174,200	259,359,200	376,923,100	77,158,000	4,499,005,800	4,878,055	4,503,883,855	4,843,403,476	1.426
2014	59,887,700	3,724,787,100	9,074,900	186,200	258,164,500	374,440,000	77,158,000	4,503,698,400	3,036,582	4,506,734,982	4,770,546,186	1.451
2015	59,263,100	3,729,974,300	9,510,800	186,200	252,267,500	373,495,200	77,158,000	4,501,855,100	3,037,248	4,504,892,348	4,856,894,055	1.480
2016	56,943,100	3,737,842,800	10,396,500	186,200	253,655,400	371,941,400	77,158,000	4,508,123,400	3,005,634	4,511,129,034	4,834,448,686	1.507
2017	56,975,700	3,744,584,200	8,777,700	186,200	255,186,600	369,089,500	77,158,000	4,511,957,900	2,866,800	4,514,824,700	5,043,362,487	1.534

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

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

Overlapping Rates

Calendar Year	Total Direct School Tax Rate	Fire Districts	Municipality	County	Total Direct and Overlapping Tax Rate
2008	\$ 2.025	\$ 0.064	\$ 0.662	\$ 0.449	\$ 3.200
2009	2.089	0.064	0.674	0.450	3.277
2010	2.163	0.064	0.684	0.440	3.351
2011	2.216	0.064	0.694	0.430	3.404
2012 (a)	1.403	0.118	0.444	0.274	2.239
2013	1.426	0.119	0.462	0.269	2.276
2014	1.451	0.039	0.466	0.271	2.227
2015	1.480	0.035	0.433	0.272	2.220
2016	1.507	0.039	0.475	0.275	2.296
2017	1.534	0.039	0.483	0.290	2.346

Source: County Abstract of Ratables

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

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
RG Realty Investors LLC	\$ 75,000,500	1.66%		
19 Chapin C/O AEW Capital Mgmt	48,000,000	1.06%		
Newark Morning Ledger	19,500,000	0.43%		
Milwe, Jane	18,969,000	0.42%		
O'Dowd's, Inc.	16,717,000	0.37%		
RCS Montville LLC	16,437,000	0.36%		
Triangle 46 Prop LLC	16,150,500	0.36%		
Algonquin Gas Trans Co.	15,592,300	0.35%		
O'Dowd's, Inc.	15,222,000	0.34%		
RCS Montville LLC	13,902,000	0.31%		
	<u>\$ 255,490,300</u>	<u>5.66%</u>		
Pernwil Assoc.			43,726,900	1.55%
Stanley Karczynski			32,000,000	1.13%
Newark Morning Ledger			17,000,000	0.60%
O'Dowd's, Inc.			12,088,000	0.43%
Milwe, Jane			11,272,100	0.40%
Bayer Healthcare			10,410,900	0.37%
O'Dowd's Inc.			9,362,500	0.33%
Stanley Karczynski			9,000,000	0.32%
O'Dowd's, Inc.			7,394,200	0.26%
Parsippany RE Assoc, LLC			<u>7,160,000</u>	<u>0.25%</u>
			<u>159,414,600</u>	<u>5.65%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 55,966,878	\$ 55,966,878	100.00%	N/A
2009	58,182,889	58,182,889	100.00%	N/A
2010	60,352,381	60,352,381	100.00%	N/A
2011	62,255,176	60,067,241	96.49%	\$ 2,187,935
2012	63,185,837	63,185,837	100.00%	N/A
2013	63,672,519	63,672,519	100.00%	N/A
2014	64,762,751	64,762,751	100.00%	N/A
2015	66,018,760	66,018,760	100.00%	N/A
2016	67,293,875	67,293,875	100.00%	N/A
2017	68,592,541	68,592,541	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Business-Type Activities			
2008	\$ 25,730,000		\$ 25,730,000	20,952	\$ 1,228
2009	24,225,000		24,225,000	21,000	1,154
2010	22,665,000		22,665,000	21,542	1,052
2011	21,060,000		21,060,000	21,647	973
2012	19,395,000		19,395,000	21,695	894
2013	17,655,000		17,655,000	21,772	811
2014	15,840,000		15,840,000	21,825	726
2015	13,940,000		13,940,000	21,850	638
2016	11,610,000		11,610,000	21,700	535
2017	9,570,000		9,570,000	21,700 *	441

* - Estimated

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2008	\$ 25,730,000		\$ 25,730,000	0.91%	\$ 1,225
2009	24,225,000		24,225,000	0.85%	1,125
2010	22,665,000		22,665,000	0.80%	1,047
2011	21,060,000		21,060,000	0.74%	971
2012	19,395,000		19,395,000	0.43%	896
2013	17,655,000		17,655,000	0.39%	811
2014	15,840,000		15,840,000	0.35%	726
2015	13,940,000		13,940,000	0.31%	638
2016	11,610,000		11,610,000	0.26%	535
2017	9,570,000		9,570,000	0.21%	441

Source: District records

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(Unaudited)

Direct Debt: (1)	
Montville Township Public Schools (as of June 30, 2017)	\$ 9,570,000
Township of Montville, Net Debt	<u>20,824,865</u>
	<u>30,394,865</u>
Overlapping Debt Apportioned to the Municipality:	
County of Morris (A)	11,994,491
Fire Districts	(B) <u>-</u>
	<u>11,994,491</u>
Total Direct and Overlapping Debt	<u>\$ 42,389,356</u>

Source:

(1) Township's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to Montville Township Public Schools by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Morris County.

(B) Information not available.

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 202,472,399	\$ 214,523,636	\$ 218,808,192	\$ 215,740,203	\$ 208,476,565	\$ 200,548,364	\$ 195,199,478	\$ 192,942,336	\$ 192,652,986	\$ 196,187,592
Total net debt applicable to limit	<u>26,116,181</u>	<u>24,883,341</u>	<u>22,665,000</u>	<u>21,060,000</u>	<u>19,395,000</u>	<u>15,840,000</u>	<u>15,840,000</u>	<u>13,940,000</u>	<u>11,610,000</u>	<u>9,570,000</u>
Legal debt margin	<u>\$ 176,356,218</u>	<u>\$ 189,640,295</u>	<u>\$ 196,143,192</u>	<u>\$ 194,680,203</u>	<u>\$ 189,081,565</u>	<u>\$ 184,708,364</u>	<u>\$ 179,359,478</u>	<u>\$ 179,002,336</u>	<u>\$ 181,042,986</u>	<u>\$ 186,617,592</u>
Total net debt applicable to the limit as a percentage of debt limit	12.90%	11.60%	10.36%	9.76%	9.30%	7.90%	8.11%	7.22%	6.03%	4.88%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2016	\$ 5,027,460,020
2015	4,827,726,649
2014	<u>4,858,882,727</u>
	<u>\$ 14,714,069,396</u>
Average equalized valuation of taxable property	<u>\$ 4,904,689,799</u>
Debt Limit (4% of average equalization value)	196,187,592
Total Net Debt Applicable to Limit	<u>9,570,000</u>
Legal debt margin	<u>\$ 186,617,592</u>

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	20,952	\$ 74,636	2.30%
2009	21,000	70,516	4.10%
2010	21,542	72,780	4.10%
2011	21,647	76,194	4.00%
2012	21,695	78,693	4.10%
2013	21,772	79,094	5.50%
2014	21,825	82,810	4.60%
2015	21,850	86,582	3.80%
2016	21,700	not available	3.70%
2017	21,700 *	not available	not available

* - Estimate

Source: New Jersey State Department of Education

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

	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Employer				

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	331	333	342	272	273	276	277	277	275	297
Special Education	78	71	69	121	92	88	91	97	99	84
Other Instruction	49	35	31	3	3	3	3	3	3	3
School Sponsored Activities/Athletics	3	3	3	2	2	2	2	2	2	2
Support Services:										
Student & Instruction Related Services	71	104	84	86	147	174	185	192	208	202
General Administration	6	5	5	6	6	15	16	17	17	26
School Administrative Services	29	27	27	22	25	26	25	25	25	36
Central Services	13	13	14	15	15	6	7	7	7	9
Plant Operations and Maintenance	89	84	67	33	35	37	37	39	36	14
Total	<u>669</u>	<u>675</u>	<u>642</u>	<u>560</u>	<u>598</u>	<u>627</u>	<u>643</u>	<u>659</u>	<u>672</u>	<u>673</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School					
2008	4,303	\$ 63,828,581	\$ 14,834	1.17%	363	1:10	1:12	1:14	4,261	4,083	1.40%	95.82%
2009	4,264	64,440,236	15,113	1.88%	397	1:10	1:11	1:11	4,231	4,061	-0.70%	95.98%
2010	4,288	65,991,962	15,390	1.83%	368	1:10	1:12	1:13	4,263	4,092	0.76%	95.99%
2011	4,271	65,326,748	15,295	-0.61%	356	1:17	1:15	1:15	4,218	4,039	-1.06%	95.76%
2012	4,166	66,719,325	16,015	4.71%	351	1:17	1:14	1:14	4,140	3,992	-1.85%	96.43%
2013	4,095	70,629,473	17,248	7.70%	364	1:16	1:15	1:14	4,069	3,912	-1.71%	96.14%
2014	3,989	69,963,858	17,539	1.69%	368	1:16	1:15	1:14	3,980	3,831	-2.19%	96.26%
2015	3,915	75,332,750	19,242	9.71%	375	1:15	1:15	1:12	3,886	3,755	-2.36%	96.63%
2016	3,777	77,663,122	20,562	6.86%	374	1:15	1:15	1:12	3,773	3,642	-2.91%	96.53%
2017	3,734	82,432,285	22,076	7.36%	384	1:9	1:10	1:11	3,704	3,572	-1.83%	96.44%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>									
<u>Elementary</u>									
<u>Cedar Hill Elementary</u>									
Square Feet	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262
Capacity (students)	437	437	437	437	437	437	437	437	437
Enrollment	381	384	394	381	329	346	340	332	296
<u>Hilldale Elementary</u>									
Square Feet	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055
Capacity (students)	423	423	423	423	423	423	423	423	423
Enrollment *	375	392	390	371	370	357	365	360	339
<u>William Mason Elementary</u>									
Square Feet	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031
Capacity (students)	351	351	351	351	351	351	351	351	351
Enrollment	365	340	315	308	282	271	267	271	264
<u>Valley View Elementary</u>									
Square Feet	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725
Capacity (students)	490	490	490	490	490	490	490	490	490
Enrollment *	375	424	399	410	427	419	416	409	428
<u>Woodmont Elementary</u>									
Square Feet	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062
Capacity (students)	383	383	383	383	383	383	383	383	383
Enrollment	353	360	367	342	329	320	298	266	278
<u>Robert R. Lazar Middle School</u>									
Square Feet	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682
Capacity (students)	897	897	897	897	897	897	897	897	897
Enrollment	1,034	1,033	685	964	966	978	967	928	910
<u>Montville High School</u>									
Square Feet	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515
Capacity (students)	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Enrollment	1,265	1,340	1,368	1,364	1,336	1,289	1,233	1,207	1,219

Number of Schools at June 30, 2017

Elementary = five
Middle School = one
Senior High School = one

Source: District Records

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

	<u>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>
School Facilities										
Cedar Hill School	\$ 69,651	\$ 67,006	\$ 76,923	\$ 76,663	\$ 76,303	\$ 87,764	\$ 81,186	\$ 81,670	\$ 74,845	\$ 79,388
Hilldale School	55,789	53,670	61,614	61,405	61,117	70,298	65,029	65,416	59,949	63,962
William Mason School	55,753	53,636	61,574	61,366	61,078	70,252	64,986	65,374	59,910	58,950
Valley View School	82,393	79,263	90,994	102,873	90,262	103,820	96,038	96,610	88,537	88,743
Woodmont School	64,833	62,371	71,602	71,361	71,026	81,693	75,570	76,021	69,668	76,702
Robert R. Lazar Middle School	160,618	154,518	177,387	176,789	175,959	202,388	187,217	188,334	172,596	179,042
High School	335,013	310,726	369,989	368,742	367,011	422,137	390,495	392,824	359,997	394,127
Total School Facilities	<u>824,050</u>	<u>781,190</u>	<u>910,083</u>	<u>919,199</u>	<u>902,756</u>	<u>1,038,352</u>	<u>960,521</u>	<u>966,249</u>	<u>885,502</u>	<u>940,914</u>
Other Facilities	<u>9,786</u>	<u>9,415</u>	<u>10,807</u>	<u>10,772</u>	<u>10,722</u>	<u>12,330</u>	<u>11,407</u>	<u>11,475</u>	<u>11,363</u>	<u>2,161</u>
Grand Total	<u>\$ 833,836</u>	<u>\$ 790,605</u>	<u>\$ 920,890</u>	<u>\$ 929,971</u>	<u>\$ 913,478</u>	<u>\$ 1,050,682</u>	<u>\$ 971,928</u>	<u>\$ 977,724</u>	<u>\$ 896,865</u>	<u>\$ 943,075</u>

Source: District Records

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2017
(Unaudited)

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

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Montville Township Public Schools' basic financial statements and have issued our report thereon dated October 24, 2017.

Internal Control Over Financial Reporting

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

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

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


Compliance and Other Matters


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Montville Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 24, 2017.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 24, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Montville Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Montville Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2017. The Montville Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Montville Township Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Montville Township Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Montville Township Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Montville Township Public Schools' internal control over compliance.


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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 24, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 24, 2017

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Refund of Prior Year Balances	Balance, June 30, 2017			MEMO GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education															
Special Revenue Fund:															
I.D.E.A. Part B, Basic	84.027	H027A160100	FT-3340-17	7/1/16-6/30/17	\$ 766,335		\$ 34,986		\$ 727,103	\$ (34,986)		\$ (801,321)	\$ 74,218		\$ 727,103
I.D.E.A. Part B, Basic	84.027	H027A150100	FT-3340-16	7/1/15-6/30/16	818,347	\$ (807,994)	(34,986)	\$ 807,994		34,986					
I.D.E.A. Preschool	84.173	H173A160114	FT-3340-17	7/1/16-6/30/17	28,139		167		28,290	(167)		(28,306)	16		28,290
I.D.E.A. Preschool	84.173	H173A150114	FT-3340-16	7/1/15-6/30/16	27,998	(28,914)	(167)	28,914		167					
Total Special Education Cluster						(836,908)	-	836,908	755,393	-	-	(829,627)	74,234	-	755,393
NCLB - Title I	84.010	S010A160030	NCLB334017	7/1/16-6/30/17	102,189		6,547	56,563	105,121	(6,547)		(52,173)	3,615		48,558
NCLB - Title I	84.010	S010A150030	NCLB334016	7/1/15-6/30/16	106,991	(74,915)	(6,547)	74,915		6,547					
NCLB - Title IIA	84.367	S367A160029	NCLB334017	7/1/16-6/30/17	37,729		11,496	28,717	41,559	(11,496)		(20,508)	7,666		12,842
NCLB - Title IIA	84.367	S367A150029	NCLB334016	7/1/15-6/30/16	41,791	(17,293)	(11,496)	17,293		11,496					
NCLB - Title III	84.365	S365A160030	NCLB334017	7/1/16-6/30/17	19,573		3,128	15,891	16,613	(3,128)		(6,810)	6,088		722
NCLB - Title III	84.365	S365A150030	NCLB334016	7/1/15-6/30/16	20,284	(1,945)	(3,128)	1,945		3,128					
NCLB - Title III-Immigrant	84.365	S365A160030	NCLB334017	7/1/16-6/30/17	5,466		3,551	2,400	8,037	(3,551)		(6,617)	980		5,637
NCLB - Title III-Immigrant	84.365	S365A150030	NCLB334016	7/1/15-6/30/16	9,658	(4,520)	(3,551)	4,520		3,551					
Total NCLB - Title III Cluster						(6,465)	-	24,756	24,650	-	-	(13,427)	7,068	-	6,359
Total Special Revenue Fund						(935,581)	-	1,039,152	926,723	-	-	(915,735)	92,583	-	823,152
Total Federal Financial Awards						\$ (935,581)	\$ -	\$ 1,039,152	\$ 926,723	\$ -	\$ -	\$ (915,735)	\$ 92,583	\$ -	\$ 823,152

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2017			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 1,434,192				\$ 1,302,305	\$ 1,434,192							\$ 1,434,192
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	1,469,587	\$ (133,161)			133,161								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	70,614				64,120	70,614					(6,494)		70,614
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	62,566	(5,669)			5,669								
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	39,280				35,668	39,280					(3,612)		39,280
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	39,280	(3,559)			3,559								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	39,280				35,668	39,280					(3,612)		39,280
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	39,280	(3,559)			3,559								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	37,010				33,607	37,010					(3,403)		
Total State Aid Public Cluster				(145,948)			1,617,316	1,620,376					(149,008)		1,583,366
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	259,947				236,043	259,947					(23,904)		259,947
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	223,430	(20,245)			20,245								
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	2,817,481					2,817,481					(2,817,481)		2,817,481
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	2,172,950	(2,172,950)			2,172,950								
Nonpublic Transportation Reimbursement	not available	7/1/16-6/30/17	37,150					37,150					(37,150)	\$ (37,150)	37,150
Nonpublic Transportation Reimbursement	not available	7/1/15-6/30/16	35,226	(35,226)			35,226								
On Behalf TPAF															
Pension Contribution	17-495-034-5094-002	7/1/16-6/30/17	3,545,566				3,545,566	3,545,566							3,545,566
Pension Contribution - NCGI	17-495-034-5094-004	7/1/16-6/30/17	128,464				128,464	128,464							128,464
Post Retirement Medical Contr.	17-495-034-5094-001	7/1/16-6/30/17	3,061,303				3,061,303	3,061,303							3,061,303
Long Term Disability Insurance Contribution	17-495-034-5094-004	7/1/16-6/30/17	8,552				8,552	8,552							8,552
Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,508,506				2,384,409	2,508,506					(124,097)	(124,097)	2,508,506
Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,471,445	(121,033)			121,033								
Total General Fund				(2,495,402)			13,331,107	13,987,345					(3,151,640)	(161,247)	13,941,783
Special Revenue Fund:															
New Jersey Nonpublic Aid															
Auxiliary Services															
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	8,958				8,958	6,728						2,230	6,728
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	4,230		846					\$ 846					
ESL	17-100-034-5120-067	7/1/16-6/30/17	457				457							457	
Total Chapter 192 Cluster					846		9,415	6,728		846				2,687	6,728
Handicapped Services															
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	13,866				13,866	12,605						1,261	12,605
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	17,317				17,317	15,815						1,502	15,815
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	18,476		919							919			
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	7,847				7,847	7,376						471	7,376
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	8,985		891					891					
Total Chapter 193 Cluster					1,810		39,030	35,796		1,810				3,234	35,796
New Jersey Nonpublic Aid															
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	19,598				19,598	19,129						469	19,129
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	19,929		1,394					1,394					
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	30,420				30,420	30,420							30,420
Technology	17-100-034-5120-373	7/1/16-6/30/17	8,840				8,840	8,840							8,840
Technology	16-100-034-5120-373	7/1/15-6/30/16	9,074		130					130					
Security	17-100-034-5120-509	7/1/16-6/30/17	17,100				17,100	16,900						200	16,900
Total Special Revenue Fund					4,180		124,403	117,813		4,180				6,590	117,813
Debt Service Fund															
Debt Service Aid	17-100-034-5120-075	7/1/16-6/30/17	160,485				160,485	160,485							160,485
Total Debt Service Fund							160,485	160,485							160,485

Continued

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2017			MEMO		
				Unearned Revenue/ (Accts Rec.)	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
Capital Projects Fund:																
State Economic Development Authority																
Educational Facilities Construction & Financing Act (Schools Construction Corp.):																
High School Renovations	3340-010-01-0478		4,187,687	(188,446)			\$ 188,446									4,187,687
Security System Upgrade																
Montville High School	3340-010-09-OUAB		75,658	(75,173)							(75,658)	\$ 485		(75,658)	75,173	
Cedar Hill Elementary School	3340-025-09-OUAD		49,704	(49,385)							(49,704)	319		(49,704)	49,385	
Robert R. Lazar Middle School	3340-030-09-OUAF		50,868	(50,541)							(50,868)	327		(50,868)	50,541	
Hilldale Elementary School	3340-050-09-OUAH		45,235	(44,944)							(45,235)	291		(45,235)	44,944	
Valley View Elementary	3340-055-09-GUAI		47,983	(47,676)							(47,983)	307		(47,983)	47,676	
William Mason Elementary	3340-065-09-OUAJ		42,805	(42,530)							(42,805)	275		(42,805)	42,530	
Woodmont Elementary	3340-070-09-OUAK		45,708	(45,415)	-	-	-	-	-	-	(45,708)	293	-	(45,708)	45,415	
Total Capital Projects Fund				<u>(544,110)</u>	<u>-</u>	<u>-</u>	<u>188,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(357,961)</u>	<u>2,297</u>	<u>-</u>	<u>(357,961)</u>	<u>4,543,351</u>	
Total State Financial Assistance				<u>(3,039,512)</u>	<u>\$ 4,180</u>	<u>-</u>	<u>13,804,441</u>	<u>14,265,643</u>	<u>-</u>	<u>4,180</u>	<u>(3,509,601)</u>	<u>2,297</u>	<u>6,590</u>	<u>(519,208)</u>	<u>18,763,432</u>	
State Financial Assistance Programs Not Subject to Calculation for Single Audit and Major Program Determination				<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,743,885)</u>	<u>(6,743,885)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,743,885)</u>	
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination				<u>\$ (3,039,512)</u>	<u>\$ 4,180</u>	<u>\$ -</u>	<u>\$ 7,060,556</u>	<u>\$ 7,521,758</u>	<u>\$ -</u>	<u>\$ 4,180</u>	<u>\$ (3,509,601)</u>	<u>\$ 2,297</u>	<u>\$ 6,590</u>	<u>\$ (519,208)</u>	<u>\$ 12,019,547</u>	

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$651,250 for the general fund and an increase of \$1,508 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 13,336,095	\$ 13,336,095
Special Revenue Fund	\$ 926,723	117,813	1,044,536
Debt Service Fund	-	160,485	160,485
Total Financial Assistance	<u>\$ 926,723</u>	<u>\$ 13,614,393</u>	<u>\$ 14,541,116</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$2,508,506 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$3,674,030, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,061,303, and TPAF Long-Term Disability Insurance in the amount of \$8,552 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes X no

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Schedule of Financial Statement Findings

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

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.