

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF MONTCLAIR**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

Township of Montclair School District

Montclair, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Township of Montclair School District
Board of Education**

Finance Department

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INTRODUCTORY SECTION



MONTCLAIR PUBLIC SCHOOLS

BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042

WWW.MONTCLAIR.K12.NJ.US

The Honorable President and Members of
the Board of Education
Montclair School District
County of Essex, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Montclair School District (the "District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2017-2018 fiscal year with an enrollment of 6,735 students, which is a increase of 109 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Montclair is primarily residential with a few commercial ratables and with little space remaining for development. The Township has experienced relatively stable population since the 1930's. The Township has utilized the Local Redevelopment and Housing Laws to redevelop vacant and underutilized properties in the Township Center to include new retail space, new dwelling units and additional parking structures in the last several years.

Several years ago, the Township completed a revaluation of all property. Since then, many tax appeals have resulted in a decrease in the net valuation taxable from \$7.335 billion in 2008 to \$5.775 billion in 2012. The Township has completed another revaluation of property which resulted in decreased property values for the 2012 tax year. As state and federal aid to education declines, the local tax levy has assumed a larger percentage of the school budget - from 70% in 1986 to 92.6% in 2014-2015.

Families with young children choose Montclair for its excellent schools. The housing market remains active as senior citizens leave the area and are replaced by younger families. The school system is expected to continue to maintain enrollment at approximately 6,800 students for the next ten years.

3) MAJOR INITIATIVES: In the 2017-2018 school year, the District continued to implement specific and targeted initiatives developed to address the deep implementation of the District core curriculum coupled with learning gaps between and among students groups in Montclair Public Schools. These initiatives included but were not limited to: (1) the continuing the development of student-based, standards aligned magnet and elective courses curricula; (2) continuing an outcome-based extended day learning for schools receiving Title I funding; (3) developing a robust student learning protocol with universal screeners, effective progress monitoring tools and tier I, II and II screeners; (4) ongoing creation and development of anti-racist professional development to promote equity, access and opportunity for each student in the district; (5) create effective social emotional programs that restore relationships between and among staff, students, parents/guardians and community; and (6) continuing the development of creating an online environment that promote effective managerial processes for students, staff and community members.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

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

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


8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

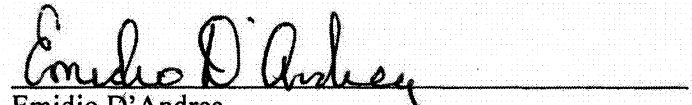
The Honorable President and Members of
the Board of Education
Montclair School District
Page 4

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

Respectfully submitted,



Dr. Kendra Johnson
Superintendent



Emidio D'Andrea
School Business Administrator/Board Secretary



**MONTCLAIR BOARD OF EDUCATION
TABLE OF ORGANIZATION
2017 - 2018**

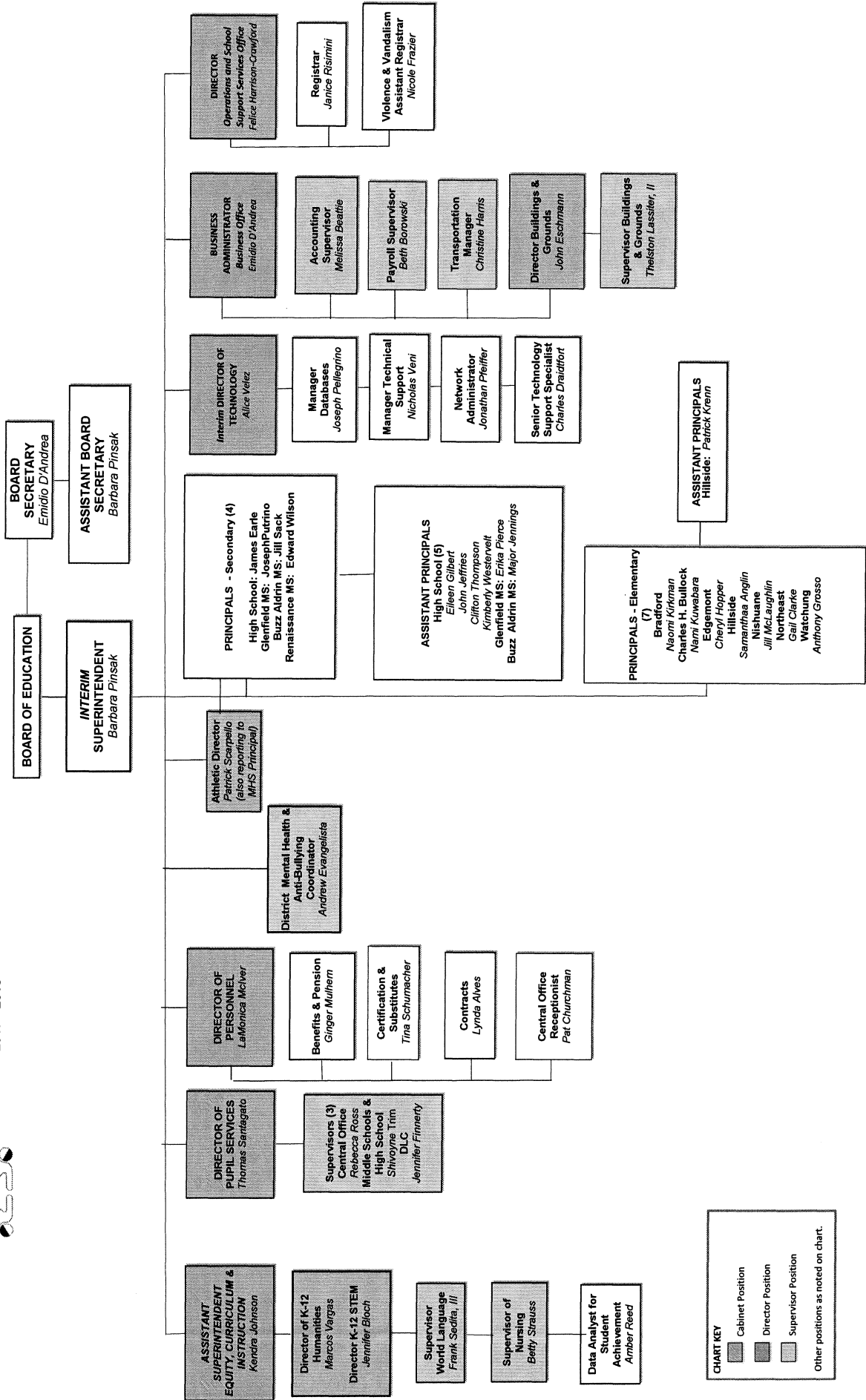


CHART KEY

- Cabinet Position
- Director Position
- Supervisor Position

Other positions as noted on chart.

**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Laura Hertzog, President	2018
Joseph Kavesh, Vice President	2019
Jevon Caldwell-Gross	2019
Jessica de Koninck	2020
Anne Mernin	2020
Eve Robinson	2018
Franklin Turner	2019

<u>Other Officers</u>	<u>Title</u>
Dr. Kendra V. Johnson	Superintendent of Schools (5/1/18)
Barbara Pinsak	Superintendent of Schools (Interim – To 4/30/18)
Andrea Del Guercio	Treasurer of School Monies
Emidio D’Andrea	School Business Administrator/Board Secretary (8/1/17)
Steven DiGeronimo	School Business Administrator/Board Secretary (Interim – To 7/31/17)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architect

Parette Somjen Architects
439 US Highway 46, Suite 4
Rockaway, New Jersey 07866

Attorney

Machado Law Group
136 Central Avenue, 2nd Floor
Clark, New Jersey 07066

Schenck, Price, Smith & King, LLP
220 Park Avenue
Florham Park, New Jersey 07932

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856

Official Depositories

Valley National Bank
1460 Valley Road
Wayne, New Jersey 07470

Investors Savings Bank
505 Bloomfield Avenue
Montclair, New Jersey 07042

TD Bank
233 Bloomfield Avenue
Montclair, New Jersey 07042

State of New Jersey Cash Management Fund
State Street Bank and Trust
P.O. Box 5994
Boston, MA 02206

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District (the "District"), a component unit of the Township of Montclair, in the County of Essex, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District, in the County of Essex, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-7 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state 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 New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

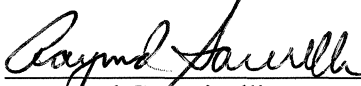
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

This section of the Montclair Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

**Figure A-1
Organization of Montclair Township School District’s Financial Report**

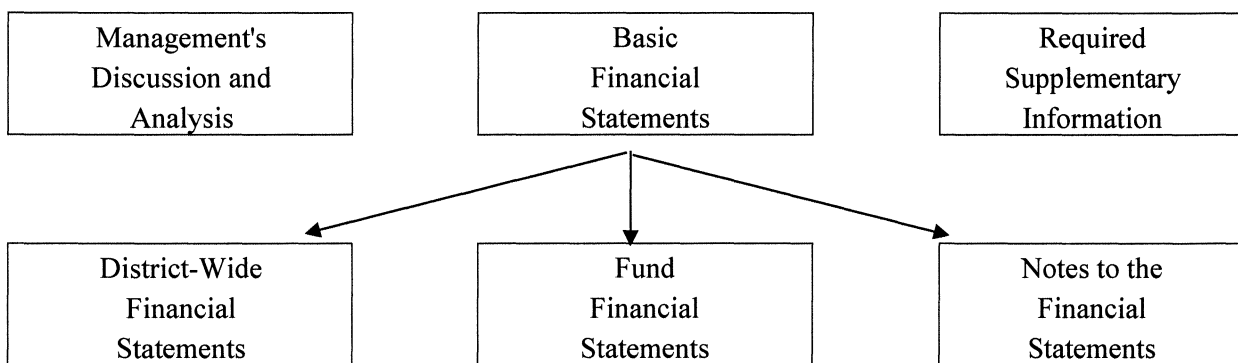


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$34,022,222 on June 30, 2018, \$3,134,687 or 10.15% more than it was the fiscal year before (See Figure A-3). Net investment in capital assets decreased \$(350,153) due to current fiscal year depreciation, offset by increases in capital assets and a net decrease in capital leases. Restricted net position increased \$2,250,409 primarily as a result of increases in excess surplus and capital reserve and a net increase in maintenance reserve. Unrestricted net position increased by \$1,234,431 primarily due to the changes in compensated absences payable, net pension liability and deferred inflows and outflows of resources related to pensions, unexpended budget appropriations and an excess in state and local revenues.

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Current and Other Assets	\$ 12,341,727	\$ 8,530,514	\$ 532,971	\$ 717,032	\$ 12,874,698	\$ 9,247,546	
Capital Assets, Net	70,043,786	70,558,265	266,026	271,779	70,309,812	70,830,044	
Total Assets	82,385,513	79,088,779	798,997	988,811	83,184,510	80,077,590	3.88%
Deferred Outflows of Resources	11,215,345	16,577,615			11,215,345	16,577,615	-32.35%
Other Liabilities	6,314,654	6,717,745	333,725	535,810	6,648,379	7,253,555	
Long-Term Liabilities	42,526,480	57,931,010			42,526,480	57,931,010	
Total Liabilities	48,841,134	64,648,755	333,725	535,810	49,174,859	65,184,565	-24.56%
Deferred Inflows of Resources	11,202,774	799,972			11,202,774	799,972	1300.40%
Net Position:							
Net Investment in Capital Assets	69,918,010	70,262,410	266,026	271,779	70,184,036	70,534,189	
Restricted	3,183,026	932,617			3,183,026	932,617	
Unrestricted/(Deficit)	(39,544,086)	(40,760,493)	199,246	181,222	(39,344,840)	(40,579,271)	
Total Net Position	\$ 33,556,950	\$ 30,434,534	\$ 465,272	\$ 453,001	\$ 34,022,222	\$ 30,887,535	10.15%

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Changes in Net Position. The District's combined net position increased \$3,134,687 or 10.15%. Net position from governmental activities increased by \$3,122,416 and net position from business-type activities increased by \$12,271 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Revenue:							
Program Revenue:							
Charges for Services	\$ 167,105	\$ 47,311	\$ 1,075,823	\$ 779,468	\$ 1,242,928	\$ 826,779	
Grants and Contributions:							
Operating	54,167,407	50,727,530	550,354	542,509	54,717,761	51,270,039	
Capital	2,027,323	2,203,366			2,027,323	2,203,366	
General Revenue:							
Property Taxes	112,636,548	109,921,598			112,636,548	109,921,598	
Unrestricted Federal and State Aid	1,521,257	1,619,868			1,521,257	1,619,868	
Other	448,335	377,587	239,414	169,433	687,749	547,020	
Total Revenue	170,967,975	164,897,260	1,865,591	1,491,410	172,833,566	166,388,670	3.87%
Expenses:							
Instruction	91,385,537	90,649,783			91,385,537	90,649,783	
Pupil and Instruction Services	43,499,659	43,910,753			43,499,659	43,910,753	
Administrative and Business	14,081,758	14,375,997			14,081,758	14,375,997	
Maintenance and Operations	11,492,712	11,127,101			11,492,712	11,127,101	
Transportation	4,920,476	5,542,086			4,920,476	5,542,086	
Other	2,465,417	2,475,624	1,853,320	1,552,369	4,318,737	4,027,993	
Total Expenses	167,845,559	168,081,344	1,853,320	1,552,369	169,698,879	169,633,713	0.04%
Increase/(Decrease) in Net Position	\$ 3,122,416	\$ (3,184,084)	\$ 12,271	\$ (60,959)	\$ 3,134,687	\$ (3,245,043)	196.60%

Governmental Activities

Net position from the District's governmental activities increased by \$3,122,416 in 2017-2018. A majority of all revenue for the Montclair Township School District is collected through property taxes. Each fiscal year, the District must seek Board of School Estimate approval for its operations.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Governmental Activities

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-5
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2017/2018	2016/2017	2017/2018	2016/2017
Instruction	\$ 91,385,537	\$ 90,649,783	\$ 57,583,589	\$ 59,340,443
Pupil and Instruction Services	43,499,659	43,910,753	30,566,872	31,637,714
Administrative and Business	14,081,758	14,375,997	10,243,664	10,770,228
Maintenance and Operations	11,492,712	11,127,101	7,113,870	6,722,282
Transportation	4,920,476	5,542,086	3,510,312	4,156,846
Other	2,465,417	2,475,624	2,465,417	2,475,624
	<u>\$ 167,845,559</u>	<u>\$ 168,081,344</u>	<u>\$ 111,483,724</u>	<u>\$ 115,103,137</u>

Business-Type Activities

- Net position from the District's business-type activity increased \$12,271. (Refer to Figure A-4).

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget several times. Budget amendments were made during the fiscal year within various budgetary line items for changes in school-based needs for programs and supplies.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Capital Asset and Long Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Land	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	
Site Improvements	2,242,800	2,510,494			2,242,800	2,510,494	
Buildings and Building Improvements	60,486,691	60,564,996			60,486,691	60,564,996	
Machinery and Equipment	2,126,940	2,295,420	\$ 266,026	\$ 271,779	2,392,966	2,567,199	
Total Capital Assets, Net	\$ 70,043,786	\$ 70,558,265	\$ 266,026	\$ 271,779	\$ 70,309,812	\$ 70,830,044	-0.73%

The District's capital assets decreased by \$520,232. Total depreciation of \$2,636,956 was offset by capital acquisitions were \$2,116,724.

Long-Term Liabilities

At fiscal year-end, the District had \$2,722,179 in Compensated Absences Payable outstanding – a net decrease of \$152,968 from the prior fiscal year (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2017/2018	2016/2017	
Compensated Absences Payable	\$ 2,722,179	\$ 2,875,147	
Net Pension Liability	39,678,525	54,760,008	
Capital Leases Payable	125,776	295,855	
	\$ 42,526,480	\$ 57,931,010	-26.59%

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

The Audit for Fiscal Year 2018 reflects a strong financial position for the Montclair School District, which is supporting the current fiscal year (2018-2019) budget through limited use of fund balance and an increased tax levy base. Prior year contributions to the Capital Reserve account, as well as new capital projects financed with bond ordinances approved by the Board of School Estimate for issuance by the Township, are being utilized in the current year to protect the District's infrastructure and support the District's technology needs.

As the District prepares for the development of the 2019-2020 budget it will face the ongoing challenges of the State mandated 2% Cap on the Tax Levy while recurring expenses in the areas of special education costs, utilities and employee health benefits are expected to increase in excess of the cap. As the District's fund balance has returned to a level more consistent with previous norms for the District, following an historic spike in June 2011 and 2012 and four years of negative or flat tax levy, the ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 22 Valley Road, Montclair, New Jersey 07042.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 7,090,224	\$ 453,661	\$ 7,543,885
Receivables from Other Governments	2,193,641	33,865	2,227,506
Accounts Receivable - Other	474,938	3,905	478,843
Student Accounts Receivable (less allowance of \$99,907)		15,000	15,000
Inventory		16,904	16,904
Prepaid Expenses		9,636	9,636
Restricted Cash and Cash Equivalents	2,582,924		2,582,924
Capital Assets:			
Sites (Land)	5,187,355		5,187,355
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	64,856,431	266,026	65,122,457
Total Assets	<u>82,385,513</u>	<u>798,997</u>	<u>83,184,510</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources Related to Pensions	11,215,345		11,215,345
Total Deferred Outflows of Resources	<u>11,215,345</u>		<u>11,215,345</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES:			
Accounts Payable	\$ 3,855,938	\$ 26,941	\$ 3,882,879
Accrued Liability for Health Benefit Claims	2,153,168		2,153,168
Interfund Payable	2,199		2,199
Unearned Revenue	268,206	306,784	574,990
Payable to Federal Government	1,542		1,542
Payable to State Government	33,601		33,601
Noncurrent Liabilities:			
Due Within One Year	86,127		86,127
Due Beyond One Year	42,440,353		42,440,353
Total Liabilities	48,841,134	333,725	49,174,859
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	11,202,774		11,202,774
Total Deferred Inflows of Resources	11,202,774		11,202,774
NET POSITION:			
Net Investment in Capital Assets	69,918,010	266,026	70,184,036
Restricted for:			
Capital Projects	1,498,646		1,498,646
Maintenance Reserve	1,084,278		1,084,278
Excess Surplus	600,102		600,102
Unrestricted/(Deficit)	(39,544,086)	199,246	(39,344,840)
Total Net Position	\$ 33,556,950	\$ 465,272	\$ 34,022,222

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 68,331,089	\$ 167,105	\$ 20,809,672	\$ 33,735	\$ (47,320,577)		\$ (47,320,577)
Special Education	17,471,766		11,259,199		(6,212,567)		(6,212,567)
Other Special Instruction	3,220,413		896,946		(2,323,467)		(2,323,467)
School Sponsored Instruction	2,362,269		635,291		(1,726,978)		(1,726,978)
Support Services:							
Tuition	5,960,449		1,208,152		(4,752,297)		(4,752,297)
Student & Instruction Related Services	37,539,210		11,724,635		(25,814,575)		(25,814,575)
General Administrative Services	2,314,025		299,679		(2,014,346)		(2,014,346)
School Administrative Services	8,168,027		2,538,743		(5,629,284)		(5,629,284)
Central Services	2,344,001		679,075		(1,664,926)		(1,664,926)
Administrative Information Technology	1,255,705		320,597		(935,108)		(935,108)
Plant Operations and Maintenance	11,492,712		2,385,254	1,993,588	(7,113,870)		(7,113,870)
Pupil Transportation	4,920,476		1,410,164		(3,510,312)		(3,510,312)
Charter Schools	33,016				(33,016)		(33,016)
Unallocated Depreciation	2,432,401				(2,432,401)		(2,432,401)
Total Governmental Activities	167,845,559	167,105	54,167,407	2,027,323	(111,483,724)		(111,483,724)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,513,737	\$ 739,059	\$ 550,354		\$ (224,324)	\$ (224,324)	
Summer Programs	312,763	310,264			(2,499)	(2,499)	
Provisional Teacher	26,820	26,500			(320)	(320)	
Total Business-Type Activities	1,853,320	1,075,823	550,354		(227,143)	(227,143)	
Total Primary Government	\$ 169,698,879	\$ 1,242,928	\$ 54,717,761	\$ 2,027,323	\$ (111,483,724)	\$ (227,143)	\$ (111,710,867)

General Revenues, Other Items and Transfers:

Taxes:							
Property Taxes, Levied for General Purposes, Net				112,636,548			112,636,548
Federal and State Aid Not Restricted				1,521,257			1,521,257
Investment Earnings				208,400	1,042		209,442
Miscellaneous Revenue				464,360			464,360
Other Items:							
Food Service Management Contractor Prior Year Refund					10,042		10,042
Food Service Management Contractor Contribution					3,905		3,905
Transfers				(224,425)	224,425		
Total General Revenues, Other Items and Transfers				114,606,140	239,414		114,845,554
Change in Net Position				3,122,416	12,271		3,134,687
Net Position - Beginning				30,434,534	453,001		30,887,535
Net Position - Ending				\$ 33,556,950	\$ 465,272		\$ 34,022,222

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

FUND FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 7,041,062	\$ 49,162		\$ 7,090,224
Interfund Receivable	378,664			378,664
Receivables From Federal Government		542,774		542,774
Receivables From State Government	1,642,049	8,818		1,650,867
Accounts Receivable - Other	474,938			474,938
Restricted Cash and Cash Equivalents	2,582,924			2,582,924
Total Assets	\$ 12,119,637	\$ 600,754	\$ -0-	\$ 12,720,391
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 1,811,160	\$ 297,405		\$ 2,108,565
Accrued Liability for Health Benefit Claims	2,153,168			2,153,168
Interfund Payable	2,199		\$ 378,664	380,863
Unearned Revenue		268,206		268,206
Payable to Federal Government		1,542		1,542
Payable to State Government		33,601		33,601
Total Liabilities	3,966,527	600,754	378,664	4,945,945
Fund Balances:				
Restricted/(Deficit):				
Capital Reserve	1,498,646			1,498,646
Maintenance Reserve	1,084,278			1,084,278
Excess Surplus	567,021			567,021
Excess Surplus - For Subsequent Year's Expenditures	33,081			33,081
Assigned:				
Year-End Encumbrances	1,782,865			1,782,865
For Subsequent Year's Expenditures	466,919			466,919
Unassigned/(Deficit)	2,720,300		(378,664)	2,341,636
Total Fund Balances/(Deficit)	8,153,110		(378,664)	7,774,446
Total Liabilities and Fund Balances	\$ 12,119,637	\$ 600,754	\$ -0-	\$ 12,720,391

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.	70,043,786
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,847,955)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not Due and Payable in the Current Period and are not Reported in the Governmental Funds.	(39,678,525)
Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	9,467,972
Deferred Inflows of Resources Related to Pensions	(11,202,774)
Net Position of Governmental Activities	\$ 33,556,950

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 112,636,548			\$ 112,636,548
Tuition	167,105			167,105
Interest Earned on Capital Reserve Funds	4,654			4,654
Rents and Royalties	100,965			100,965
Miscellaneous	564,703	\$ 278,365	\$ 2,438	845,506
Total - Local Sources	113,473,975	278,365	2,438	113,754,778
State Sources	25,646,240	629,608		26,275,848
Federal Sources	66,578	2,283,119		2,349,697
Total Revenue	139,186,793	3,191,092	2,438	142,380,323
EXPENDITURES:				
Current:				
Regular Instruction	38,647,659	593,088		39,240,747
Special Education Instruction	9,561,839	370,704		9,932,543
Other Special Instruction	1,951,708			1,951,708
School Sponsored Instruction	1,454,363			1,454,363
Support Services and Undistributed Costs:				
Tuition	4,919,402	1,041,047		5,960,449
Student & Instruction Related Services	21,351,852	1,152,518		22,504,370
General Administration Services	1,879,769			1,879,769
School Administration Services	4,578,561			4,578,561
Central Services	1,314,916			1,314,916
Administration Information Technology	798,073			798,073
Plant Operations and Maintenance	8,027,385			8,027,385
Pupil Transportation	4,702,946			4,702,946
Unallocated Benefits	35,503,265			35,503,265
Capital Outlay	119,873	33,735	2,027,796	2,181,404
Charter School	33,016			33,016
Total Expenditures	134,844,627	3,191,092	2,027,796	140,063,515
Excess (Deficiency) of Revenues Over/(Under) Expenditures	4,342,166		(2,025,358)	2,316,808
OTHER FINANCING SOURCES/(USES):				
Montclair Improvement Authorization			1,993,588	1,993,588
Transfers In	2,438			2,438
Transfers Out	(224,425)		(2,438)	(226,863)
Total Other Financing Sources/(Uses)	(221,987)		1,991,150	1,769,163
Net Change in Fund Balances	4,120,179		(34,208)	4,085,971
Fund Balance (Deficit)—July 1	4,032,931		(344,456)	3,688,475
Fund Balance (Deficit)—June 30	\$ 8,153,110	\$ -0-	\$ (378,664)	\$ 7,774,446

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	4,085,971
<p>Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation.</p>		
Depreciation expense	\$	(2,609,945)
Capital outlays		<u>2,095,466</u>
		(514,479)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
<p>Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		152,968
<p>The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:</p>		
Change in Net Pension Liability		15,081,483
Change in Deferred Outflows of Resources Related to Pensions		(5,450,804)
Change in Deferred Inflows of Resources Related to Pensions		<u>(10,402,802)</u>
		(772,123)
Total Change in Net Position - Governmental Activities (Exhibit A-2)	\$	<u><u>3,122,416</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u> <u>Enterprise Funds</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 72,318	\$ 381,343	\$ 453,661
Intergovernmental Accounts Receivable:			
State	1,008		1,008
Federal	32,857		32,857
Accounts Receivable:			
Other	3,905		3,905
Student Accounts - (less allowance of \$99,907)	15,000		15,000
Inventories	16,904		16,904
Prepaid Expenses		9,636	9,636
Total Current Assets	141,992	390,979	532,971
Non-Current Assets:			
Capital Assets	903,338		903,338
Less: Accumulated Depreciation	(637,312)		(637,312)
Total Non-Current Assets	266,026		266,026
Total Assets	408,018	390,979	798,997
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	62,842	243,942	306,784
Accounts Payable	26,941		26,941
Total Liabilities	89,783	243,942	333,725
NET POSITION:			
Investment in Capital Assets	266,026		266,026
Unrestricted	52,209	147,037	199,246
Total Net Position	\$ 318,235	\$ 147,037	\$ 465,272

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u> <u>Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 599,535		\$ 599,535
Non-Reimbursable Programs	115,959		115,959
Total Daily Sales	<u>715,494</u>		<u>715,494</u>
Special Functions	23,565		23,565
Program Fees		\$ 310,264	310,264
Mentor Fees		<u>26,500</u>	<u>26,500</u>
Total Operating Revenue	<u>739,059</u>	<u>336,764</u>	<u>1,075,823</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	590,240		590,240
Non-Reimbursable Programs	91,791		91,791
Total Cost of Sales	<u>682,031</u>		<u>682,031</u>
Salaries, Benefits & Payroll Taxes	522,499	287,440	809,939
Administrative Expenses	91,650	27,085	118,735
Supplies and Materials	105,309	23,977	129,286
Management Fee	84,365		84,365
Miscellaneous Expenses	872	1,080	1,952
Depreciation Expense	<u>27,011</u>		<u>27,011</u>
Total Operating Expenses	<u>1,513,737</u>	<u>339,583</u>	<u>1,853,320</u>
Operating (Loss)	(774,678)	(2,819)	(777,497)
Non-Operating Revenue:			
Local Sources:			
Interest Income	1,042		1,042
State Sources:			
State School Lunch Program	12,911		12,911
Federal Sources:			
School Breakfast Program	51,686		51,686
National School Lunch Program	388,660		388,660
Food Distribution Program	<u>97,097</u>		<u>97,097</u>
Total Non-Operating Revenue	<u>551,396</u>		<u>551,396</u>
Change in Net Position Before Transfers and Other Items	(223,282)	(2,819)	(226,101)
Transfer In - General Fund	224,425		224,425
Other Items:			
Food Service Management Contractor Prior Year Refund	10,042		10,042
Food Service Management Contractor Contribution	<u>3,905</u>		<u>3,905</u>
Change in Net Position After Transfers and Other Items	15,090	(2,819)	12,271
Net Position - Beginning of Year	<u>303,145</u>	<u>149,856</u>	<u>453,001</u>
Net Position - End of Year	<u>\$ 318,235</u>	<u>\$ 144,218</u>	<u>\$ 465,272</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Fund Food Service Program	Non-Major Funds	Total Business-Type Activities Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 724,746	\$ 334,935	\$ 1,059,681
Receipts from Special Function	24,209		24,209
Payments to Employees		(280,552)	(280,552)
Payments to Food Service Management Contractor	(1,556,577)		(1,556,577)
Payments to Suppliers	(47,141)	(27,497)	(74,638)
Other Payments		(24,585)	(24,585)
Net Cash Provided by/(Used for) Operating Activities	<u>(854,763)</u>	<u>2,300</u>	<u>(852,463)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	<u>(21,258)</u>		<u>(21,258)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(21,258)</u>		<u>(21,258)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	<u>1,042</u>		<u>1,042</u>
Net Cash Provided by Investing Activities	<u>1,042</u>		<u>1,042</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	456,328		456,328
Cash Received from Transfers - General Fund	290,925		290,925
Cash Received from Food Service Management Contractors	<u>13,947</u>		<u>13,947</u>
Net Cash Provided by Noncapital Financing Activities	<u>761,200</u>		<u>761,200</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(113,779)	2,300	(111,479)
Cash and Cash Equivalents, July 1	<u>186,097</u>	<u>379,043</u>	<u>565,140</u>
Cash and Cash Equivalents, June 30	<u>\$ 72,318</u>	<u>\$ 381,343</u>	<u>\$ 453,661</u>
Reconciliation of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating (Loss)	\$ (774,678)	\$ (2,819)	\$ (777,497)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	27,011		27,011
Food Distribution Program	97,097		97,097
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	3,616		3,616
(Increase) in Inventory	(743)		(743)
Decrease in Prepaid Expenses		138	138
Increase in Unearned Revenue	1,100	6,026	7,126
(Decrease) in Accounts Payable	<u>(208,166)</u>	<u>(1,045)</u>	<u>(209,211)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (854,763)</u>	<u>\$ 2,300</u>	<u>\$ (852,463)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$88,946 and utilized \$97,097 for the fiscal year ended June 30, 2018.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 456,052	\$ 425,633
Interfund Receivable	2,199	
Total Assets	<u>458,251</u>	<u>425,633</u>
LIABILITIES:		
Due to Student Groups	442,435	
Payroll Deductions and Withholdings	<u>15,816</u>	
Total Liabilities	<u>458,251</u>	
NET POSITION:		
Held in Trust for Unemployment Compensation Claims		<u>425,633</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 425,633</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee Contributions	\$ 209,224
Total Contributions	<u>209,224</u>
Investment Earnings:	
Interest	<u>5,496</u>
Net Investment Earnings	<u>5,496</u>
Total Additions	<u>214,720</u>
Deductions	
Unemployment Compensation Claims	<u>265,099</u>
Total Deductions	<u>265,099</u>
Change in Net Position	(50,379)
Net Position - Beginning of the Year	<u>476,012</u>
Net Position - End of the Year	<u><u>\$ 425,633</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria. The District is a component unit of the Township of Montclair under the provisions of GASB Codification Section 2100.

B. Basis of Presentation

District-Wide Financial Statements:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation (Cont'd)

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the Township of Montclair and from aid provided by the state to offset the cost of approved capital projects. There are also several projects financed with capital reserve funds.

Debt Service Fund: Because School District capital projects are authorized by the Township of Montclair under a bond ordinance and the subsequent debt is funded directly from the Township budget, the Debt Service Fund does not apply to the Montclair Township School District.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the District's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Food Service, Provisional Teacher, and Summer Programs. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis is financed or recovered primarily through user charges. None of the District's individual Enterprise Funds except for the Food Service Fund are considered to be major programs.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office by the Board of School Estimate and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements. The capital projects fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the Township ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the Township.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 139,198,290	\$ 3,312,450
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(128,509)
Prior Year Encumbrances		7,316
Prior Year Encumbrances Canceled		(165)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	653,950	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(665,447)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 139,186,793	\$ 3,191,092
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 134,844,627	\$ 3,312,450
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		
Current Year Encumbrances		(128,509)
Prior Year Encumbrances		7,316
Prior Year Encumbrances Canceled		(165)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 134,844,627	\$ 3,191,092

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	Capital Projects Fund	
	Revenue and Other Financing Sources	Fund Balance Balance
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ 3,302,438	\$ 4,929,786
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	(1,306,412)	(5,308,450)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 1,996,026	\$ (378,664)

E. Cash and Cash Equivalents

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

As of June 30, 2018 and 2017, the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amounts of \$99,907 and \$109,656, respectively. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

K. Capital Assets

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

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

	<u>Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amount earned by these employees but not disbursed was \$214,664 which is recorded as an accounts payable in the General Fund.

M. Long Term Liabilities

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$8,153,110 General Fund fund balance at June 30, 2018, \$1,782,865 is assigned for encumbrances; \$1,498,646 is restricted in the capital reserve; \$1,084,278 is restricted in the maintenance reserve; \$600,102 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) (\$33,081 is prior year excess surplus which is included as anticipated revenue for the year ending June 30, 2019 and the remaining \$567,021 is current year excess surplus which will be included as anticipated revenue for the year ending June 30, 2020); \$466,919 is assigned fund balance designated for subsequent year's expenditures, and \$2,720,300 is unassigned which is \$665,447 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis.

Capital Projects Fund: The Capital Projects Fund has a \$(378,664) deficit in unassigned fund balance and at June 30, 2018.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus at June 30, 2018 is \$600,102.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$665,447 as reported in the fund financial statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources related to pensions at June 30, 2018.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources related to pensions at June 30, 2018.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

R. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$39,544,086 in governmental activities, which is primarily a result of compensated absences payable, capital projects, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions. The District's Capital Projects Fund has a deficit unassigned fund balance of \$(378,664) as of June 30, 2018.

These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund on the budgetary basis at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and designated for subsequent year's expenditures in the General Fund at June 30, 2018.

T. Revenue - Exchange and Non-exchange Transactions

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

T. Revenue - Exchange and Non-exchange Transactions (Cont'd)

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

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

U. Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are for food service, provisional teacher, and summer programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Funds.

V. Management Estimates

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

W. Pensions

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Custodial Credit Risk - The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

(9) Deposit of funds in accordance with the following conditions:

- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
- (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents			Total
	Cash and Cash Equivalents	Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	\$ 8,425,570	\$ 1,498,646	\$ 1,084,278	\$ 11,008,494

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$11,008,494 and the bank balance was \$15,752,112.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Montclair Township School District by inclusion of \$1 on September 30, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance July 1, 2017	\$	493,992
Increased by:		
Board Resolution June 18, 2018		1,000,000
Interest Earnings		4,654
Balance June 30, 2018	\$	1,498,646

The balance in the capital reserve at June 30, 2018 did not exceed the balance of the local support costs of uncompleted capital projects in the District’s approved LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$500,000 was established by the Montclair Township School District on June 18, 2012. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance July 1, 2017	\$	750,000
Increased by:		
Board Resolution June 18, 2018		500,000
Unexpended Balances Returned		34,278
		1,284,278
Decreased by:		
Budgeted Withdrawal		(200,000)
		\$ 1,084,278

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2018, there was \$3,266 in transfers to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	5,187,355			5,187,355
Capital Assets Being Depreciated:				
Site Improvements	6,738,726			6,738,726
Buildings and Building Improvements	83,585,111	\$ 2,027,796		85,612,907
Machinery and Equipment	8,126,514	67,670		8,194,184
Total Capital Assets Being Depreciated	98,450,351	2,095,466		100,545,817
Governmental Activities Capital Assets	103,637,706	2,095,466		105,733,172
Less Accumulated Depreciation for:				
Site Improvements	(4,228,232)	(267,694)		(4,495,926)
Buildings and Building Improvements	(23,020,115)	(2,106,101)		(25,126,216)
Machinery and Equipment	(5,831,094)	(236,150)		(6,067,244)
	(33,079,441)	(2,609,945)		(35,689,386)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 70,558,265	\$ (514,479)	\$ -0-	\$ 70,043,786
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 882,080	\$ 21,258		\$ 903,338
Less Accumulated Depreciation	(610,301)	(27,011)		(637,312)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 271,779	\$ (5,753)	\$ -0-	\$ 266,026

The District had active construction projects totaling \$34,838,817 with unexpended balances of \$4,929,786 as of June 30, 2018. The District had \$605,695 in outstanding construction commitments at June 30, 2018.

The increases totaling \$2,116,724 represent current fiscal year capitalized expenditures in the general fund, capital projects fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 94,128
Support/Administration	28,275
Transportation	20,585
Maintenance/Custodial	34,556
Unallocated	2,432,401
	<u>\$ 2,609,945</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2017</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2018</u>
Compensated Absences Payable	\$ 2,875,147	\$ 64,587	\$ 217,555	\$ 2,722,179
Net Pension Liability	54,760,008	115,275	15,196,758	39,678,525
Capital Leases Payable	<u>295,855</u>		<u>170,079</u>	<u>125,776</u>
	<u>\$ 57,931,010</u>	<u>\$ 179,862</u>	<u>\$ 15,584,392</u>	<u>\$ 42,526,480</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the Township of Montclair by adopting an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township of Montclair are general obligation bonds of the Township of Montclair and are not recorded as debt of the Montclair Township School District.

B. Capital Leases Payable:

The District has commitments to lease computer equipment and a school bus under three capital leases totaling \$366,569 of which \$240,793 has been liquidated as of June 30, 2018. The computer equipment leases are for four years and the school bus lease is for five years with the final payments occurring in fiscal years 2018-19 and 2020-21. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

<u>Year</u>	<u>Amount</u>
2019	\$ 88,288
2020	20,931
2021	<u>20,931</u>
	130,150
Less: Amount representing interest	<u>(4,374)</u>
Total future minimum lease payments	<u>\$ 125,776</u>

The current portion of capital leases payable at June 30, 2018 is \$86,127 and the long-term portion is \$39,649. Capital leases payable will be liquidated by the General Fund.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$2,722,179 represents the long-term liability balance of compensated absences and will be liquidated through the General Fund.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences Payable: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$38,866,145. See Note 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$812,380. See Note 9 for further information on the he Board of Education Employee's Pension Fund of Essex County.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). A small number of the District's retirees participate in the Board of Education Employees' Pension Fund of Essex County (the "Plan").

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,557,423 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$38,866,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.167%, which was a decrease of 0.0156% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$2,211,942. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions:	2014	6.44	\$ 440,895	
	2015	5.72	1,857,169	
	2016	5.57	5,532,125	
	2017	5.48		\$ 7,801,482
Subtotal			<u>7,830,189</u>	<u>7,801,482</u>
Changes in Proportion:	2014	6.44	62,942	
	2015	5.72	366,146	
	2016	5.57		624,923
	2017	5.48		2,776,369
Subtotal			<u>429,088</u>	<u>3,401,292</u>
Difference Between Expected and Actual Experience:	2015	5.72	515,263	
	2016	5.57	167,885	
	2017	5.48	232,016	
Subtotal			<u>915,164</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2014	5.00	(465,730)	
	2015	5.00	397,295	
	2016	5.00	1,665,803	
	2017	5.00	(1,332,716)	
Subtotal			<u>264,652</u>	
District Contribution Subsequent to the Measurement Date - 2017		1.00	<u>1,655,693</u>	
			<u>\$ 11,094,786</u>	<u>\$ 11,202,774</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd).

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 914,947
2019	1,380,677
2020	836,620
2021	(1,112,706)
2022	(811,015)
	\$ 1,208,523

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 48,216,090	\$ 38,866,145	\$ 31,076,481

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$7,838,111 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$25,281,663.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$364,946,753. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.541%, which was an increase of 0.011% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>364,946,753</u>
Total	<u>\$ 364,946,753</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$25,281,663 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
Difference Between Expected and Actual Experience:	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments:	2014	5.0	(435,309,142)	
	2015	5.0	385,284,122	
	2016	5.0	1,295,565,574	
	2017	5.0	<u>(904,033,050)</u>	
			<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 433,568,190	\$ 364,946,753	\$ 308,416,115

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

For DCRP, the District recognized pension expense of \$152,598 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$204,731 for the fiscal year ended June 30, 2018.

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws.

The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as 1/45th of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute. District contributions to the Plan amounted to \$101,416 for fiscal year 2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

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

At June 30, 2018, the District reported a liability of \$812,380 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 2.585%, which was an increase of 0.146% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$255,068. At June 30, 2018, the District reported deferred outflows of resources related to pension from the sources noted in the below table. For the fiscal year ended June 30, 2018, the District amortized the deferred outflow of resources at June 30, 2017 by the amount to be amortized for the fiscal year ended June 30, 2018 per the June 30, 2017 actuarial valuation. There were no deferred inflows of resources.

	Amortization Period	Deferred Outflows of Resources
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments:		
2015	5 years	\$ 11,506
2016	5 years	109,077
2017	5 years	(79,388)
2018	5 years	(12,316)
Subtotal		28,879
District Contribution Subsequent to the Measurement Date	1 year	91,680
		\$ 120,559

Amounts reported as deferred outflows of resources (excluding employer specific amount for District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 19,801
2020	19,802
2021	14,049
2022	(22,310)
2023	(2,463)
	\$ 28,879

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2018. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Actuarial Assumptions (Cont'd)

Inflation Rate	2.30%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	6.00%
Cost of Living Adjustments ("COLA")	2.00%

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 including in the Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	40.00%	1.75%
U.S. Large CAP Equities	50.00%	6.40%
U.S. Small CAP Equities	10.00%	6.40%

* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 6.00% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2018		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the Net Pension Liability	\$ 1,108,564	\$ 812,380	\$ 554,785

Pension Plan Fiduciary Net Position

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

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
	Total OPEB Liability Attributable to the District	\$ 275,795,540	\$ 232,332,585
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
	Total OPEB Liability Attributable to the District	\$ 299,475,196	\$ 249,974,866

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 191,071,092	\$ 232,332,585	\$ 287,127,363

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 205,111,338	\$ 249,974,866	\$ 309,953,129

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$14,560,260 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	<u>\$ 1,190,373,242</u>	<u>\$ (6,343,769,032)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
	<u>\$ (6,343,769,032)</u>

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health and dental coverages through Cigna and Delta Dental, respectively.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest</u> <u>Earned</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017-2018	\$ 5,496	\$ 209,224	\$ 265,099	\$ 425,633
2016-2017	1,550	194,973	218,170	476,012
2015-2016	929	203,482	179,080	497,659

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 378,664	\$ 2,199
Capital Projects Fund		378,664
Fiduciary Funds - Payroll Agency	2,199	
	\$ 380,863	\$ 380,863

The Capital Projects Fund interfund payable to the General Fund represents expenditures paid on behalf of the Capital Projects Fund by the General Fund and an interfund loan due to the open SDA grants and Township receivables. The General Fund interfund payable to the Payroll Agency Fiduciary Fund represents unremitted payroll liabilities.

During the fiscal year, the General Fund transferred \$224,425 to the Food Service Enterprise Fund for the budgeted Board Contribution and the Capital Projects Fund transferred \$2,438 of interest earnings to the General Fund.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln National Life Insurance Company	MetLife Investors
Valic	AXA Equitable

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. TAX CALENDAR

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The District has several pending lawsuits regarding unilateral placement of special education students and a pending appeal. The District is confident it will prevail; however, a loss of the appeal and compensatory services accumulation for all pending cases could be material.

The District is also periodically involved in claims and lawsuits arising from operations. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,782,865	\$ 128,509	\$ 605,695	\$ 2,517,069

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$128,509 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$605,695 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$(378,664) deficit unassigned fund balance on a GAAP basis at June 30, 2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2018, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	<u>Governmental Funds</u>		District Contribution Subsequent	Total Governmental Activities
	General Fund	Special Revenue Fund	to Measurement Date	
Salaries	\$ 442,521	\$ 1,563		\$ 444,084
Vendors	1,344,479	280,826		1,625,305
Due to:				
Other Governmental Units	24,160		\$ 91,680	115,840
State of New Jersey		15,016	1,655,693	1,670,709
	<u>\$ 1,811,160</u>	<u>\$ 297,405</u>	<u>\$ 1,747,373</u>	<u>\$ 3,855,938</u>

NOTE 18. ACCRUED LIABILITY FOR HEALTH BENEFIT CLAIMS

The accrued liability for health benefit claims represents an estimate of the ultimate net cost of all incurred but not reported (“IBNR”) claims as of June 30, 2018 which is in the process of being evaluated to determine the ultimate actual liability and final closeout since the District switched plans effective July 1, 2018.

NOTE 19. TAX ABATEMENTS

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

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

The Township of Montclair recognized revenue in the amount of \$3,161,362 from twelve payments in lieu of taxes (“PILOT”) agreements. The taxes which would have been paid on these properties for 2017 without the abatement would have been \$3,431,539 of which \$1,936,329 would have been for the local school tax.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.1834481391%	0.1874481079%	0.1825392922%	0.1669622573%
District's proportionate share of the net pension liability	\$ 34,346,509	\$ 42,078,344	\$ 54,062,903	\$ 38,866,145
District's covered employee payroll	\$ 12,540,380	\$ 12,661,086	\$ 11,630,446	\$ 11,582,100
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.89%	332.34%	464.84%	335.57%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 1,512,320	\$ 1,611,551	\$ 1,621,653	\$ 1,557,423
Contributions in relation to the contractually required contribution	(1,512,320)	(1,611,551)	(1,621,653)	(1,557,423)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 12,355,799	\$ 12,540,380	\$ 12,661,086	\$ 11,630,446
Contributions as a percentage of covered employee payroll	12.24%	12.85%	12.81%	13.39%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%	0.5412744521%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891	\$ 364,946,753
District's covered employee payroll	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	506.48%	591.95%	740.71%	631.34%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 14,987,219	\$ 19,766,822	\$ 31,325,127	\$ 25,281,663
Contributions in relation to the contractually required contribution	(2,769,148)	(4,243,184)	(5,875,393)	(7,838,111)
Contribution deficiency/(excess)	<u>\$ 12,218,071</u>	<u>\$ 15,523,638</u>	<u>\$ 25,449,734</u>	<u>\$ 17,443,552</u>
District's covered employee payroll	\$ 54,991,616	\$ 54,689,497	\$ 56,285,168	\$ 57,804,767
Contributions as a percentage of covered employee payroll	5.04%	7.76%	10.44%	13.56%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's Proportion of the Net Pension Liability	2.3974085%	2.5248930%	2.4391226%	2.5850148%
District's Proportionate Share of the Net Pension Liability	\$ 923,455	\$ 913,972	\$ 697,105	\$ 812,380
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	75.39%	79.51%	77.36%
* - Fiduciary Net Position Excludes:				
Amount Designated for Insurance Benefits	\$ 19,628,046	\$ 19,972,514	\$ 21,556,614	\$ 22,656,498

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 140,315	\$ 131,301	\$ 100,564	\$ 101,416
Contributions in Relation to the Contractually Required Contribution	<u>(140,315)</u>	<u>(131,301)</u>	<u>(100,564)</u>	<u>(101,416)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Years Ending</u>	
	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2017</u>	<u>2016</u>
Discount Rate	5.00%	3.98%
Municipal Bond Rate	3.58%	2.85%
Inflation Rate	2.25%	3.08%
Long-Term Expected Rate of Return on Pension Plan Investments	7.00%	7.65%

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2017</u>	<u>2016</u>
Discount Rate	4.25%	3.22%
Municipal Bond Rate	3.58%	2.85%
Inflation Rate	2.25%	2.50%
Long-Term Expected Rate of Return on Pension Plan Investments	7.00%	7.65%

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none known.

Changes of Assumptions

There were none known.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 112,636,548		\$ 112,636,548	\$ 112,636,548	
Tuition - From Individuals	50,000		50,000	92,197	\$ 42,197
Tuition - From Other LEA's within the State				74,908	74,908
Interest Earned on Capital Reserve	110,000		110,000	4,654	4,654
Rents and Royalties	184,000		184,000	100,965	(9,035)
Unrestricted Miscellaneous Revenue				564,703	380,703
Total - Local Sources	112,980,548		112,980,548	113,473,975	493,427
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	4,260,034		4,260,034	4,260,034	
Adjustment Aid	503,304		503,304	503,304	
Security Aid	749,384		749,384	749,384	
Extraordinary Aid	400,000		400,000	1,354,551	954,551
PARCC Readiness Aid	68,020		68,020	68,020	
Per Pupil Growth Aid	68,020		68,020	68,020	
Professional Learning Community Aid	67,800		67,800	67,800	
Nonpublic Transportation Aid				80,910	80,910
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				5,185,323	5,185,323
Pension				7,838,111	7,838,111
Non-Contributory Insurance				190,211	190,211
Long-Term Disability Insurance				8,831	8,831
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,107,849	4,107,849
Total State Sources	7,291,951		7,291,951	25,657,737	18,365,786

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Medicaid Reimbursement	\$ 87,794		\$ 87,794	\$ 66,578	\$ (21,216)
Total Federal Sources	87,794		87,794	66,578	(21,216)
TOTAL REVENUES	120,360,293		120,360,293	139,198,290	18,837,997
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	1,570,369	\$ (1,433)	1,568,936	1,568,935	1
Grades 1-5 - Salaries of Teachers	13,713,597	213,944	13,927,541	13,927,528	13
Grades 6-8 - Salaries of Teachers	9,522,244	102,402	9,624,646	9,622,220	2,426
Grades 9-12 - Salaries of Teachers	10,450,832	(19,578)	10,431,254	10,431,250	4
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	7,641	107,641	107,641	
Purchased Professional-Educational Services	60,000	18,458	78,458	76,773	1,685
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	939,083	(52,570)	886,513	884,784	1,729
Other Purchased Services (400-500 Series)	409,100	(77,624)	331,476	308,302	23,174
General Supplies	1,684,198	61,465	1,745,663	1,466,186	279,477
Textbooks	370,393	(24,431)	345,962	254,040	91,922
Total Regular Programs - Instruction	38,819,816	228,274	39,048,090	38,647,659	400,431
Special Education - Instruction					
Cognitive - Mild:					
Salaries of Teachers	89,697	(89,697)			
Total Cognitive - Mild	89,697	(89,697)			

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 678,734	\$ 34,193	\$ 712,927	\$ 712,927	
Other Salaries for Instruction	29,485	(29,485)			
Total Learning and/or Language Disabilities	708,219	4,708	712,927	712,927	
Behavioral Disabilities:					
Salaries of Teachers	378,934	7,695	386,629	386,325	\$ 304
General Supplies	20,000	(18,000)	2,000	1,633	367
Total Behavioral Disabilities	398,934	(10,305)	388,629	387,958	671
Multiple Disabilities:					
Salaries of Teachers	187,540	1,657	189,197	189,197	
Other Salaries for Instruction	64,940	(64,940)			
Total Multiple Disabilities	252,480	(63,283)	189,197	189,197	
Resource Room/Resource Center:					
Salaries of Teachers	7,093,569	131,844	7,225,413	7,219,105	6,308
Other Salaries for Instruction	128,939	(128,939)			
General Supplies	36,492	7,150	43,642	39,751	3,891
Textbooks		1,031	1,031		1,031
Total Resource Room/Resource Center	7,259,000	11,086	7,270,086	7,258,856	11,230
Autism:					
Salaries of Teachers	371,726	26,050	397,776	397,593	183
General Supplies	9,480		9,480	7,333	2,147
Total Autism	381,206	26,050	407,256	404,926	2,330
Preschool Disabilities - Full-Time:					
Salaries of Teachers	414,917	25,910	440,827	440,827	
Total Preschool Disabilities - Full-Time	414,917	25,910	440,827	440,827	

MONTECLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Home Instruction:					
Salaries of Teachers	\$ 117,000	\$ (9,322)	\$ 107,678	\$ 107,677	\$ 1
Purchased Professional-Educational Services	50,000	13,199	63,199	59,471	3,728
Total Home Instruction	167,000	3,877	170,877	167,148	3,729
Total Special Education Instruction	9,671,453	(91,654)	9,579,799	9,561,839	17,960
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,228,998	(93,993)	1,135,005	1,135,003	2
General Supplies	1,000	879	1,879	1,856	23
Total Basic Skills/Remedial - Instruction	1,229,998	(93,114)	1,136,884	1,136,859	25
Bilingual Education - Instruction:					
Salaries of Teachers	201,003	(14,405)	186,598	186,598	
General Supplies	500		500	498	2
Total Bilingual Education - Instruction	201,503	(14,405)	187,098	187,096	2
Vocational Programs - Local - Instruction:					
Salaries of Teachers	207,925	74,940	282,865	282,865	
General Supplies	15,000	(1,251)	13,749	13,749	
Total Vocational Programs - Local - Instruction	222,925	73,689	296,614	296,614	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	279,000	24,430	303,430	303,430	
Purchased Services (300-500 series)	8,000	1,306	9,306	9,306	
Total School-Sponsored Cocurricular Activities - Instruction	287,000	25,736	312,736	312,736	

MONTECLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 887,283	\$ (43,539)	\$ 843,744	\$ 833,590	\$ 10,154
Purchased Services (300-500 Series)	124,662	7,614	132,276	115,144	17,132
Supplies and Materials	180,900	(20,780)	160,120	128,791	31,329
Other Objects	42,030	26,779	68,809	64,102	4,707
Total School-Sponsored Cocurricular Athletics - Instruction	1,234,875	(29,926)	1,204,949	1,141,627	63,322
Before/After School Programs - Instruction:					
Salaries of Teachers	26,000	(2,023)	23,977	23,977	
Other Salaries of Instruction	16,000	56,018	72,018	72,017	1
Total Before/After School Programs - Instruction	42,000	53,995	95,995	95,994	1
Summer School - Instruction:					
Salaries of Teachers	72,816	6,066	78,882	66,882	12,000
Other Purchased Services	899	1,475	899	1,475	
General Supplies				347	552
Total Summer School - Instruction	73,715	7,541	81,256	68,704	12,552
Summer School - Support Services:					
Salaries	7,184	(4,996)	2,188		2,188
Total Summer School - Support Services	7,184	(4,996)	2,188		2,188
Total Summer School	80,899	2,545	83,444	68,704	14,740
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	45,000	(10,703)	34,297	27,991	6,306
Other Salaries for Instruction	25,000		25,000	25,000	
Purchased Professional and Technical Services	58,261	11,573	69,834	67,178	2,656
General Supplies	3,300	(135)	3,165		3,165
Total Other Supplemental/At-Risk Programs - Instruction	131,561	735	132,296	120,169	12,127

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	\$ 5,000		\$ 5,000	\$ 5,000	
Purchased Services (400-500 series)	2,000		2,000	205	\$ 1,795
Total Other Supplemental/At-Risk Programs - Support	7,000		7,000	5,205	1,795
Total Other Supplemental/At-Risk Programs	138,561	\$ 735	139,296	125,374	13,922
Other Instructional Programs - Instruction:					
Salaries	8,390		8,390	2,482	5,908
Purchased Services (300-500 series)	6,200	(2,445)	3,755	3,755	
Supplies and Materials	8,000		8,000	5,722	2,278
Total Other Instructional Programs - Instruction	22,590	(2,445)	20,145	11,959	8,186
Community Service Programs/Operations:					
Salaries	40,000	(3,000)	37,000	29,108	7,892
Total Community Service Programs/Operations	40,000	(3,000)	37,000	29,108	7,892
Total Instruction	51,991,620	150,430	52,142,050	51,615,569	526,481
Undistributed Expenditures:					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	82,000	(65,000)	17,000	17,000	
Tuition to Other LEAs Within the State - Special	20,000	103,120	123,120	123,083	37
Tuition to County Vocational School Districts - Regular	53,438	(23,883)	29,555	21,871	7,684
Tuition to County Vocational School Districts - Special	90,130	(67,370)	22,760	18,208	4,552
Tuition to CSSD and Regional Day Schools	130,926	60,879	191,805	191,805	
Tuition to Private Schools for the Disabled - Within State	4,510,137	148,269	4,658,406	4,542,935	115,471
Tuition - State Facilities	36,806	(32,306)	4,500	4,500	
Total Undistributed Expenditures - Instruction (Tuition)	4,923,437	123,709	5,047,146	4,919,402	127,744

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 250,319	\$ (104,397)	\$ 145,922	\$ 145,921	\$ 1
Purchased Professional and Technical Services	118,560		118,560	118,560	
Other Purchased Services (400-500 Series)	16,500	729	17,229	17,228	1
Total Attendance and Social Work	385,379	(103,668)	281,711	281,709	2
Health Services:					
Salaries	1,470,083	8,534	1,478,617	1,476,274	2,343
Purchased Professional and Technical Services	235,950	(88,797)	147,153	144,142	3,011
Supplies and Materials	74,000	(5,167)	68,833	63,343	5,490
Total Health Services	1,780,033	(85,430)	1,694,603	1,683,759	10,844
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,651,597	(204,264)	2,447,333	2,447,332	1
Purchased Professional - Educational Services	142,500	8,278	150,778	147,727	3,051
Supplies and Materials	44,000	556	44,556	43,868	688
Total Other Support Services - Speech, OT, PT & Related Services	2,838,097	(195,430)	2,642,667	2,638,927	3,740
Other Support Services - Students - Extraordinary Services:					
Salaries	5,931,232	485,314	6,416,546	6,414,861	1,685
Purchased Professional - Educational Services	783,891	373,974	1,157,865	1,157,864	1
Supplies and Materials	20,000	3,724	23,724	23,153	571
Total Other Support Services - Students - Extraordinary Services	6,735,123	863,012	7,598,135	7,595,878	2,257

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,270,762	\$ (154,475)	\$ 2,116,287	\$ 2,107,954	\$ 8,333
Salaries of Secretarial and Clerical Assistants	112,346	(46,073)	66,273	66,273	
Purchased Professional and Technical Services	2,500	4,583	7,083	7,082	1
Supplies and Materials	32,845		32,845	31,318	1,527
Total Other Support Services - Students - Guidance	<u>2,418,453</u>	<u>(195,965)</u>	<u>2,222,488</u>	<u>2,212,627</u>	<u>9,861</u>
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	3,951,891	(295,552)	3,656,339	3,655,011	1,328
Salaries of Secretarial and Clerical Assistants	236,470	(55,206)	181,264	181,264	
Purchased Professional - Educational Services	83,000	502,572	585,572	565,648	19,924
Other Purchased Services (400-500 Series)	17,000	3,155	20,155	14,212	5,943
Supplies and Materials	85,000	2,323	87,323	76,229	11,094
Total Other Support Services - Students - Child Study Team	<u>4,373,361</u>	<u>157,292</u>	<u>4,530,653</u>	<u>4,492,364</u>	<u>38,289</u>
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,154,516	(111,501)	1,043,015	1,043,014	1
Salaries of Other Professional Staff	120,581	98,423	219,004	211,922	7,082
Salaries of Secretarial and Clerical Assistants	125,079	54,342	179,421	179,421	
Unused Vacation Payment to Terminated/Retired Staff		14,092	14,092	14,091	1
Purchased Professional - Educational Services	190,500	(29,995)	160,505	70,157	90,348
Other Purchased Services (400-500 Series)	6,576	12,308	18,884	16,426	2,458
Supplies and Materials	28,225	33,232	61,457	56,432	5,025
Total Improvement of Instruction Services	<u>1,625,477</u>	<u>70,901</u>	<u>1,696,378</u>	<u>1,591,463</u>	<u>104,915</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 400,078	\$ 44,420	\$ 444,498	\$ 444,008	\$ 490
Purchased Professional and Technical Services	30,000	(5,820)	24,180	24,180	
Supplies and Materials	25,763		25,763	22,168	3,595
Total Educational Media Services/School Library	455,841	38,600	494,441	490,356	4,085
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	183,109	(834)	182,275	182,275	
Salaries of Other Professional Staff	58,235	(33,235)	25,000	10,559	14,441
Salaries of Secretarial and Clerical Assistants	83,159	1,315	84,474	84,474	
Purchased Professional - Educational Services	258,500	(156,673)	101,827	83,026	18,801
Other Purchased Services (400-500 Series)	9,265	237	9,502	3,063	6,439
Supplies and Materials	2,000	(529)	1,471	1,372	99
Total Instructional Staff Training Services	594,268	(189,719)	404,549	364,769	39,780
Support Services - General Administration:					
Salaries	558,026	13,462	571,488	536,354	35,134
Legal Services	436,311	(1,500)	434,811	353,367	81,444
Architectural/Engineering Services	28,949		28,949	19,457	9,492
Other Purchased Professional Services	145,230	17,111	162,341	157,800	4,541
Communications/Telephone	238,500	10,810	249,310	248,624	686
BOE Other Purchased Services	5,400	6,094	11,494	11,198	296
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	8,300		8,300	6,490	1,810
General Supplies	48,361	(12,200)	36,161	12,445	23,716
Judgments Against the School District	939,521	(201,570)	737,951	495,914	242,037
Miscellaneous Expenditures	33,300	4,000	37,300	34,670	2,630
BOE Membership Dues and Fees	12,000	(2,000)	10,000	3,450	6,550
Total Support Services - General Administration	2,453,898	(165,793)	2,288,105	1,879,769	408,336

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 2,984,734	\$ (144,451)	\$ 2,840,283	\$ 2,814,515	\$ 25,768
Salaries of Other Professional Staff	200,000	(40,000)	160,000	154,750	5,250
Salaries of Secretarial and Clerical Assistants	1,533,060	26,749	1,559,809	1,557,527	2,282
Unused Vacation Payment to Terminated/Retired Staff	21,606	17,296	17,296	16,957	339
Purchased Professional and Technical Services	7,000	650	22,256	20,488	1,768
Other Purchased Services (400-500 Series)	14,035	(3,650)	3,350	242	3,108
Supplies and Materials	4,760,435	1,313	15,348	14,082	1,266
Total Support Services - School Administration		(142,093)	4,618,342	4,578,561	39,781
Support Services - Central Services:					
Salaries	1,248,243	(32,860)	1,215,383	1,215,383	
Other Purchased Professional Services		18,000	18,000	4,387	13,613
Miscellaneous Purchased Services (400-500 Series, Other than 594)	43,392		43,392	23,676	19,716
Supplies and Materials	99,887	(2,500)	97,387	71,470	25,917
Total Support Services - Central Services	1,391,522	(17,360)	1,374,162	1,314,916	59,246
Support Services - Administration Information Technology:					
Salaries	551,596	22,197	573,793	573,792	1
Purchased Technical Services	236,403		236,403	160,094	76,309
Supplies and Materials	83,643	55	83,698	64,187	19,511
Total Support Services - Administration Information Technology	871,642	22,252	893,894	798,073	95,821
Required Maintenance of School Facilities:					
Salaries	422,390	(66,700)	355,690	355,690	
Cleaning, Repair and Maintenance Services	582,228	592,741	1,174,969	897,600	277,369
General Supplies	143,800	(31,528)	112,272	83,981	28,291
Total Required Maintenance of School Facilities	1,148,418	494,513	1,642,931	1,337,271	305,660

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 3,213,162	\$ (270,949)	\$ 2,942,213	\$ 2,927,190	\$ 15,023
Purchased Professional and Technical Services	60,000	(27,010)	32,990	14,002	18,988
Cleaning, Repair and Maintenance Services	989,613	(114,027)	875,586	810,963	64,623
Rental of Land and Buildings Other Than Lease Purchase Agreements	32,000	(4,300)	27,700	27,700	
Other Purchased Property Services	123,165	39,547	162,712	140,451	22,261
Insurance	744,450	(54,766)	689,684	689,683	1
General Supplies	286,208	23,603	309,811	276,086	33,725
Energy (Natural Gas)	375,222	27,839	403,061	282,321	120,740
Energy (Electricity)	984,495	(1,523)	982,972	464,451	518,521
Energy (Oil)	1,000		1,000		1,000
Energy (Gasoline)	38,102		38,102	10,113	27,989
Total Custodial Services	6,847,417	(381,586)	6,465,831	5,642,960	822,871
Care and Upkeep of Grounds:					
Salaries		91,432	91,432	91,432	
Cleaning, Repair and Maintenance Services	78,006	21,092	99,098	73,911	25,187
General Supplies	33,400	(2,145)	31,255	28,212	3,043
Total Care and Upkeep of Grounds	111,406	110,379	221,785	193,555	28,230
Security:					
Salaries	775,212	60,396	835,608	834,351	1,257
Purchased Professional and Technical Services		12,206	12,206	12,205	1
General Supplies	11,700	(2,500)	9,200	7,043	2,157
Total Security	786,912	70,102	857,014	853,599	3,415

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 15,890	\$ (11,823)	\$ 4,067	\$ 4,066	\$ 1
Salaries for Pupil Transportation - Between Home & School - Regular	75,616	(7,416)	68,200	68,200	
Salaries for Pupil Transportation - Between Home & School - Special	75,616	(7,415)	68,201	68,200	1
Salaries for Pupil Transportation - Other Than Between Home & School	128,353	11,593	139,946	137,585	2,361
Management Fee - ESC & CTSA Transportation Programs	54,181	37,111	91,292	80,331	10,961
Other Purchased Professional and Technical Services	21,000	(12,993)	8,007	5,950	2,057
Cleaning, Repair and Maintenance Services	20,191		20,191	12,733	7,458
Lease Purchase Payments - School Buses	20,931		20,931	20,931	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	339,820	(55,748)	284,072	281,267	2,805
Between Home and School - Vendors	1,794,943	(1,786,103)	8,840	8,337	503
Other than Between Home and School - Vendors	210,000	72,104	282,104	272,097	10,007
Special Education Students - Vendors	697,363	(654,431)	42,932	42,932	
Regular Students - ESCs & CTSA	1,720,018	1,720,018	1,720,018	1,720,018	
Special Education Students - ESCs & CTSA	1,433,906	1,099,111	2,533,017	1,978,232	554,785
General Supplies	7,500	(4,858)	2,642	1,952	690
Other Objects	350		350	115	235
Total Student Transportation Services	4,895,660	399,150	5,294,810	4,702,946	591,864
Unallocated Benefits:					
Social Security Contributions	1,785,152	(100,000)	1,685,152	1,680,812	4,340
Other Retirement Contributions - PERS	1,700,000	(142,577)	1,557,423	1,557,423	
Other Retirement Contributions - Regular	175,576	79,840	255,416	254,014	1,402
Workmen's Compensation	332,190		332,190	332,190	
Health Benefits	14,789,151	(728,473)	14,060,678	14,038,457	22,221
Tuition Reimbursement	160,000	(21,380)	138,620	134,971	3,649
Other Employee Benefits	160,000	15,073	175,073	175,073	
Total Unallocated Benefits	19,102,069	(897,517)	18,204,552	18,172,940	31,612

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 5,185,323	\$ (5,185,323)
Pension				7,838,111	(7,838,111)
Non-Contributory Insurance				190,211	(190,211)
Long-Term Disability Insurance				8,831	(8,831)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,107,849	(4,107,849)
Total On-Behalf and Reimbursed Contributions				<u>17,330,325</u>	<u>(17,330,325)</u>
Total Personal Services - Employee Benefits	\$ 19,102,069	\$ (895,517)	\$ 18,206,552	35,503,265	(17,296,713)
Total Undistributed Expenses	68,498,848	(22,651)	68,476,197	83,076,169	(14,599,972)
TOTAL CURRENT EXPENSE	<u>120,490,468</u>	<u>125,779</u>	<u>120,616,247</u>	<u>134,691,738</u>	<u>(14,075,491)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	166		166		166
Special Education		8,221	8,221	8,221	
Undistributed Expenditures:					
Custodial Services	3,100		41,500	25,714	15,786
Required Maintenance of School Facilities	13,400	(13,400)			
Total Equipment	<u>16,666</u>	<u>33,221</u>	<u>49,887</u>	<u>33,935</u>	<u>15,952</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	85,938		85,938	85,938	
Total Facilities Acquisition and Construction Services	<u>85,938</u>		<u>85,938</u>	<u>85,938</u>	
TOTAL CAPITAL OUTLAY	<u>102,604</u>	<u>33,221</u>	<u>135,825</u>	<u>119,873</u>	<u>15,952</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 54,857		\$ 54,857	\$ 33,016	\$ 21,841
TOTAL EXPENDITURES	120,647,929	\$ 159,000	120,806,929	134,844,627	(14,037,698)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(287,636)	(159,000)	(446,636)	4,353,663	4,800,299
Other Financing Sources/(Uses):					
Transfers In/(Out):					
Capital Projects Fund - Interest				2,438	2,438
Food Service Enterprise Fund - Board Contribution	(205,000)	(41,000)	(246,000)	(224,425)	21,575
Total Other Financing Sources/(Uses)	(205,000)	(41,000)	(246,000)	(221,987)	24,013
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(492,636)	(200,000)	(692,636)	4,131,676	4,824,312
Fund Balance, July 1	4,686,881		4,686,881	4,686,881	
Fund Balance, June 30	\$ 4,194,245	\$ (200,000)	\$ 3,994,245	\$ 8,818,557	\$ 4,824,312
<u>Recapitulation:</u>					
Restricted:				\$ 567,021	
Excess Surplus				33,081	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,498,646	
Capital Reserve				1,084,278	
Maintenance Reserve				1,782,865	
Assigned:				466,919	
Year-End Encumbrances				3,385,747	
Designated for Subsequent Year's Expenditures				8,818,557	
Unassigned Fund Balance				(665,447)	
Reconciliation to Governmental Funds Statements (GAAP):				\$ 8,153,110	
Last State Aid Payments not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)					

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 400,000	\$ 97,418	\$ 497,418	\$ 280,450	\$ (216,968)
State Sources	477,839	230,094	707,933	673,150	(34,783)
Federal Sources	1,852,886	1,043,007	2,895,893	2,358,850	(537,043)
Total Revenues	2,730,725	1,370,519	4,101,244	3,312,450	(788,794)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	300,346	124,189	424,535	329,860	94,675
Other Salaries for Instruction	80,000	40,600	120,600	120,598	2
Purchased Professional and Technical Services	28,431	1,569	30,000	24,096	5,904
Other Purchased Services		23,083	23,083	338	22,745
Tuition	1,000,000	41,047	1,041,047	1,041,047	
General Supplies	574,493	172,496	746,989	465,744	281,245
Textbooks	73,016	21,272	94,288	91,598	2,690
Other Objects		5,000	5,000		5,000
Total Instruction	2,056,286	429,256	2,485,542	2,073,281	412,261
Support Services:					
Salaries of Supervisors of Instruction	114,764	(22,133)	92,631	70,134	22,497
Personal Services - Employee Benefits	48,222	23,744	71,966	52,302	19,664
Purchased Professional and Technical Services	448,078	608,107	1,056,185	853,999	202,186
Other Purchased Services		100,940	100,940	63,305	37,635
Supplies and Materials	63,375	144,956	208,331	158,541	49,790
Other Objects		2,346	2,346	1,431	915
Total Support Services	674,439	857,960	1,532,399	1,199,712	332,687

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Instructional Equipment	\$ 76,735	\$ 76,735	\$ 76,735	\$ 39,457	\$ 37,278
Construction Services	6,568	6,568	6,568	39,457	6,568
Total Facilities Acquisition and Construction Services	83,303	83,303	83,303	39,457	43,846
Total Expenditures	\$ 2,730,725	1,370,519	4,101,244	3,312,450	788,794
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 139,198,290	\$ 3,312,450
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(128,509)
Prior Year Encumbrances		7,316
Prior Year Encumbrances Canceled		(165)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	653,950	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(665,447)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 139,186,793	\$ 3,191,092
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 134,844,627	\$ 3,312,450
Differences - Budgetary 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:		
Current Year Encumbrances		(128,509)
Prior Year Encumbrances		7,316
Prior Year Encumbrances Canceled		(165)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 134,844,627	\$ 3,191,092

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m). Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act						I.D.E.A. Basic
	Title IA	Title I SIA Part A	Title IIA	Title III	Title III Immigrant	Title IV	
REVENUE:							
Local Sources							
State Sources							
Federal Sources							
Total Revenue	\$ 492,135	\$ 28,943	\$ 143,446	\$ 7,946	\$ 2,203	\$ 1,631	\$ 1,625,729
	492,135	28,943	143,446	7,946	2,203	1,631	1,625,729
EXPENDITURES:							
Instruction:							
Salaries of Teachers	200,857	22,010					80,190
Other Salaries for Instruction							97,199
Purchased Professional and Technical Services							
Tuition							
General Supplies	185,834						1,041,047
Textbooks							21,370
Total Instruction	386,691	22,010					1,239,806
Support Services:							
Salaries of Supervisors of Instruction	18,983		833	4,328	306		41,184
Personal Services - Employee Benefits	24,214	6,933	64	340	15		16,721
Purchased Professional and Technical Services	20,400		110,457	2,000	441	200	316,418
Other Purchased Services	34,719		24,349				
Supplies and Materials	7,128		7,743	1,278	1,441		11,600
Other Objects						1,431	
Total Support Services	105,444	6,933	143,446	7,946	2,203	1,631	385,923
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	\$ 492,135	\$ 28,943	\$ 143,446	\$ 7,946	\$ 2,203	\$ 1,631	\$ 1,625,729

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	I.D.E.A. Preschool	Nonpublic Handicapped (Ch. 193)			Nonpublic Auxiliary (Ch. 192)	
		Supplementary Instruction	Examination & Classification	Corrective Speech	Compensatory Education	Home Instruction
REVENUE:						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 56,817	\$ 54,638	\$ 87,897	\$ 15,981	\$ 62,626	\$ 8,818
	\$ 56,817	54,638	87,897	15,981	62,626	8,818
EXPENDITURES:						
Instruction:						
Salaries of Teachers	20,041					
Other Salaries for Instruction	23,399					
Purchased Professional and Technical Services						
Tuition						
General Supplies	5,817					
Textbooks						
Total Instruction	49,257					
Support Services:						
Salaries of Supervisors of Instruction						
Personal Services - Employee Benefits	3,323					
Purchased Professional and Technical Services		54,638	87,897	15,981	62,626	8,818
Other Purchased Services	4,237					
Supplies and Materials						
Other Objects						
Total Support Services	7,560	54,638	87,897	15,981	62,626	8,818
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 56,817	\$ 54,638	\$ 87,897	\$ 15,981	\$ 62,626	\$ 8,818

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic				Local Grants	Total
	Textbook	Nursing	Security	Technology		
REVENUE:						
Local Sources					\$ 280,450	\$ 280,450
State Sources	\$ 91,598	\$ 166,937	\$ 125,574	\$ 59,081		\$ 673,150
Federal Sources						2,358,850
Total Revenue	91,598	166,937	125,574	59,081	280,450	3,312,450
EXPENDITURES:						
Instruction:						
Salaries of Teachers					6,762	329,860
Other Salaries for Instruction						120,598
Purchased Professional and Technical Services					24,096	24,096
Other Purchased Services					338	338
Tuition						1,041,047
General Supplies				59,081	193,642	465,744
Textbooks	91,598					91,598
Total Instruction	91,598			59,081	224,838	2,073,281
Support Services:						
Salaries of Supervisors of Instruction					4,500	70,134
Personal Services - Employee Benefits					692	52,302
Purchased Professional and Technical Services		166,937			7,186	853,999
Other Purchased Services						63,305
Supplies and Materials			125,574		3,777	158,541
Other Objects						1,431
Total Support Services		166,937	125,574		16,155	1,199,712
Facilities Acquisition and Construction Services:						
Instructional Equipment					39,457	39,457
Total Facilities Acquisition and Construction Services					39,457	39,457
Total Expenditures	\$ 91,598	\$ 166,937	\$ 125,574	\$ 59,081	\$ 280,450	\$ 3,312,450

CAPITAL PROJECTS FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
Due from Township of Montclair-Bond Ordinances Proceeds	\$ 3,300,000
Interest Earned	2,438
Total Revenue and Other Financing Sources	<u>3,302,438</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	255,876
Facilities Acquisition and Construction Services	1,771,920
Transfers Out:	
General Fund - Interest	2,438
Total Expenditures and Other Financing Uses	<u>2,030,234</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	1,272,204
Fund Balance - Beginning Balance	<u>3,657,582</u>
Fund Balance - Ending Balance	<u>\$ 4,929,786</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 501,222
Committed Fund Balance - Other Purposes	3,837,283
Total Committed Fund Balance	<u>4,338,505</u>
Restricted Fund Balance:	
Year-End Encumbrances	104,473
Restricted Fund Balance - Other Purposes	486,808
Total Restricted Fund Balance	<u>591,281</u>
	4,929,786
Reconciliation to Governmental Funds Statements (GAAP):	
Township and SDA Receivables not Recognized on GAAP Basis	<u>(5,308,450)</u>
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u>\$ (378,664)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2018-017
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ -0-	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
Total Revenues and Other Financing Sources	\$ -0-	3,300,000	3,300,000	3,300,000
Expenditures:				
Purchased Professional and Technical Services		134,988	134,988	270,000
Construction Services		3,000	3,000	3,030,000
Total Expenditures		137,988	137,988	3,300,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 3,162,012	\$ 3,162,012	\$ -0-

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2016-12
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,598,000		\$ 2,598,000	\$ 2,598,000
Total Revenues and Other Financing Sources	2,598,000	\$ -0-	2,598,000	2,598,000
Expenditures:				
Purchased Professional and Technical Services	164,511	89,421	253,932	265,132
Construction Services	695,683	996,820	1,692,503	2,332,868
Total Expenditures	860,194	1,086,241	1,946,435	2,598,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 1,737,806	\$ (1,086,241)	\$ 651,565	\$ -0-

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2015-24
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>	<u>Total</u>	<u>Authorized</u>
				<u>Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,536,000		\$ 2,536,000	\$ 2,536,000
Total Revenues and Other Financing Sources	2,536,000	\$ -0-	2,536,000	2,536,000
Expenditures:				
Purchased Professional and Technical Services	118,437	27,279	145,716	153,885
Construction Services	1,593,250	624,919	2,218,169	2,358,946
Equipment	23,169		23,169	23,169
Total Expenditures	1,734,856	652,198	2,387,054	2,536,000
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 801,144	\$ (652,198)	\$ 148,946	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2013-17
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,780,958		\$ 2,780,958	\$ 2,780,958
Total Revenues and Other Financing Sources	2,780,958	\$ -0-	2,780,958	2,780,958
Expenditures:				
Construction Services	2,554,343		2,554,343	2,612,412
Equipment Purchases	168,546		168,546	168,546
Total Expenditures	2,722,889		2,722,889	2,780,958
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 58,069	\$ -0-	\$ 58,069	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2012-32
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,914,281		\$ 2,914,281	\$ 2,914,281
Total Revenues and Other Financing Sources	2,914,281	\$ -0-	2,914,281	2,914,281
Expenditures:				
Purchased Professional and Technical Services	12,225	4,175	16,400	21,250
Construction Services	2,633,805	96,182	2,729,987	2,893,031
Total Expenditures	2,646,030	100,357	2,746,387	2,914,281
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 268,251	\$ (100,357)	\$ 167,894	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2011-41
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 1,607,264		\$ 1,607,264	\$ 1,607,264
Total Revenues and Other Financing Sources	1,607,264	\$ -0-	1,607,264	1,607,264
Expenditures:				
Construction Services	1,519,822	10,743	1,530,565	1,534,883
Equipment Purchases	72,381		72,381	72,381
Total Expenditures	1,592,203	10,743	1,602,946	1,607,264
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 15,061	\$ (10,743)	\$ 4,318	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2010-28
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,855,007		\$ 2,855,007	\$ 2,855,007
Total Revenues and Other Financing Sources	2,855,007	\$ -0-	2,855,007	2,855,007
Expenditures:				
Purchased Professional and Technical Services	6,322	13	6,335	6,357
Construction Services	2,812,915	13,554	2,826,469	2,841,291
Equipment Purchases	7,359		7,359	7,359
Total Expenditures	2,826,596	13,567	2,840,163	2,855,007
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 28,411	\$ (13,567)	\$ 14,844	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2008-14
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,820,028		\$ 1,820,028	\$ 1,820,028
Due from Township of Montclair-Bond Ordinance Proceeds	3,266,404		3,266,404	3,266,404
Total Revenues and Other Financing Sources	5,086,432	\$ -0-	5,086,432	5,086,432
Expenditures:				
Construction Services	5,067,807		5,067,807	5,083,132
Equipment Purchases	3,300		3,300	3,300
Total Expenditures	5,071,107		5,071,107	5,086,432
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 15,325	\$ -0-	\$ 15,325	\$ -0-

The District is a Type 1 District and all debt is authorized, issued and paid by the Township of Montclair. As the District receives the SDA Grant funds, they are remitted to the Township.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2007-26
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 4,075,462		\$ 4,075,462	\$ 4,075,462
Total Revenues and Other Financing Sources	4,075,462	\$ -0-	4,075,462	4,075,462
Expenditures:				
Construction Services	3,986,734		3,986,734	4,075,437
Equipment Purchases	25		25	25
Total Expenditures	3,986,759		3,986,759	4,075,462
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 88,703	\$ -0-	\$ 88,703	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2006-30
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 4,373,025		\$ 4,373,025	\$ 4,373,025
Total Revenues and Other Financing Sources	4,373,025	\$ -0-	4,373,025	4,373,025
Expenditures:				
Construction Services	4,346,149		4,346,149	4,372,978
Equipment Purchases	47		47	47
Total Expenditures	4,346,196		4,346,196	4,373,025
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 26,829	\$ -0-	\$ 26,829	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 990,572		\$ 990,572	\$ 990,572
Transfer from Capital Reserve	1,496,816		1,496,816	1,496,816
Total Revenues and Other Financing Sources	<u>2,487,388</u>	<u>\$ -0-</u>	<u>2,487,388</u>	<u>2,487,388</u>
Expenditures:				
Construction Services	1,921,080	26,702	1,947,782	2,487,388
Total Expenditures	<u>1,921,080</u>	<u>26,702</u>	<u>1,947,782</u>	<u>2,487,388</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 566,308</u>	<u>\$ (26,702)</u>	<u>\$ 539,606</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	Various
Grant Date:	3/31/14 & 5/2/14
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	<u>\$ 2,487,388</u>
Revised Authorized Cost:	<u>\$ 2,487,388</u>

Percentage Increase over Original Authorized Cost: N/A
 Percentage Completion: 78.31%
 Original Target Completion Date: 8/30/16
 Revised Target Completion Date: N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 125,000		\$ 125,000	\$ 125,000
Total Revenues and Other Financing Sources	125,000	-0-	125,000	125,000
Expenditures:				
Construction Services	97,452		97,452	125,000
Total Expenditures	97,452		97,452	125,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 27,548	\$ -0-	\$ 27,548	\$ -0-

Additional Project Information:

Project Number: N/A
Grant Date: N/A
Bond Authorization Date: N/A
Bonds Issued: N/A
Original Authorized Cost: \$ 125,000
Revised Authorized Cost: \$ 125,000

Percentage Increase over Original Authorized Cost: 0.00%
Percentage Completion: 77.96%
Original Target Completion Date: 8/30/2015
Revised Target Completion Date: N/A

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 100,000		\$ 100,000	\$ 100,000
Total Revenues and Other Financing Sources	100,000	-0-	100,000	100,000
Expenditures:				
Construction Services	75,873		75,873	100,000
Total Expenditures	75,873		75,873	100,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 24,127	\$ -0-	\$ 24,127	\$ -0-

Additional Project Information:

Project Number: N/A
Grant Date: N/A
Bond Authorization Date: N/A
Bonds Issued: N/A
Original Authorized Cost: \$ 100,000
Revised Authorized Cost: \$ 100,000

Percentage Increase over Original Authorized Cost: 0.00%
Percentage Completion: 75.87%
Original Target Completion Date: 6/30/2015
Revised Target Completion Date: N/A

PROPRIETARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Major Fund	Non-Major Funds			Enterprise
	Food Service Program	Summer Program	Provisional Teacher	Total	Fund Totals
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 72,318	\$ 370,133	\$ 11,210	\$ 381,343	\$ 453,661
Intergovernmental Receivable:					
State	1,008				1,008
Federal	32,857				32,857
Accounts Receivable:					
Other	3,905				3,905
Student Accounts - (less allowance of \$99,907)	15,000				15,000
Inventories	16,904				16,904
Prepaid Expenses		9,636		9,636	9,636
Total Current Assets	141,992	379,769	11,210	390,979	532,971
Non-Current Assets:					
Capital Assets	903,338				903,338
Less: Accumulated Depreciation	(637,312)				(637,312)
Total Non-Current Assets	266,026				266,026
Total Assets	408,018	379,769	11,210	390,979	798,997
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	108				108
Prepaid Meals	62,734				62,734
Prepaid Summer Program		243,942		243,942	243,942
Accounts Payable	26,941				26,941
Total Liabilities	89,783	243,942		243,942	333,725
<u>NET POSITION:</u>					
Investment in Capital Assets	266,026				266,026
Unrestricted	52,209	135,827	11,210	147,037	199,246
Total Net Position	\$ 318,235	\$ 135,827	\$ 11,210	\$ 147,037	\$ 465,272

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Fund	Non-Major Funds			Enterprise
	Food Service Program	Summer Program	Provisional Teacher	Total	Fund Totals
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 599,535				\$ 599,535
Non-Reimbursable Programs	115,959				115,959
Total Daily Sales	715,494				715,494
Special Functions	23,565				23,565
Program Fees		\$ 310,264		\$ 310,264	310,264
Mentor Fees			\$ 26,500	26,500	26,500
Total Operating Revenue	739,059	310,264	26,500	336,764	1,075,823
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	590,240				590,240
Non-Reimbursable Programs	91,791				91,791
Total Cost of Sales	682,031				682,031
Salaries, Benefits & Payroll Taxes	522,499	263,440	24,000	287,440	809,939
Administrative Expenses	91,650	24,585	2,500	27,085	118,735
Supplies and Materials	105,309	23,657	320	23,977	129,286
Management Fee	84,365				84,365
Miscellaneous	872	1,080		1,080	1,952
Depreciation	27,011				27,011
Total Operating Expenses	1,513,737	312,763	26,820	339,583	1,853,320
Operating (Loss)	(774,678)	(2,499)	(320)	(2,819)	(777,497)
Non-Operating Revenue:					
Local Sources:					
Interest Income	1,042				1,042
State Sources:					
State School Lunch Program	12,911				12,911
Federal Sources:					
School Breakfast Program	51,686				51,686
National School Lunch Program	388,660				388,660
Food Distribution Program	97,097				97,097
Total Non-Operating Revenue	551,396				551,396
Change in Net Position Before Transfers and Other Items	(223,282)	(2,499)	(320)	(2,819)	(226,101)
Transfer In - General Fund	224,425				224,425
Other Items:					
Food Service Management Contractor Prior Year Refund	10,042				10,042
Food Service Management Contractor Contribution	3,905				3,905
Change in Net Position After Transfers and Other Items	15,090	(2,499)	(320)	(2,819)	12,271
Net Position - Beginning of Year	303,145	138,326	11,530	149,856	453,001
Net Position - End of Year	\$ 318,235	\$ 135,827	\$ 11,210	\$ 147,037	\$ 465,272

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Fund		Non-Major Funds		Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	Total	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 724,746	\$ 308,435	\$ 26,500	\$ 334,935	\$ 1,059,681
Receipts from Special Function Payments to Employees	24,209	(256,527)	(24,025)	(280,552)	24,209
Payments to Food Service Management Contractor	(1,556,577)				(280,552)
Payments to Suppliers	(47,141)	(24,677)	(2,820)	(27,497)	(1,556,577)
Other Payments		(24,585)		(24,585)	(74,638)
Net Cash Provided by/(Used for) Operating Activities	(854,763)	2,645	(345)	2,300	(24,585)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(21,258)				(21,258)
Net Cash Used for Capital and Related Financing Activities	(21,258)				(21,258)
Cash Flows from Investing Activities:					
Local Sources - Interest Income	1,042				1,042
Net Cash Provided by Investing Activities	1,042				1,042
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	456,328				456,328
Cash Received from Transfers - General Fund	290,925				290,925
Cash Received from Food Service Management Contractors	13,947				13,947
Net Cash Provided by Noncapital Financing Activities	761,200				761,200
Net Increase/(Decrease) in Cash and Cash Equivalents	(113,779)	2,645	(345)	2,300	(111,479)
Cash and Cash Equivalents, July 1	186,097	367,488	11,555	379,043	565,140
Cash and Cash Equivalents, June 30	\$ 72,318	\$ 370,133	\$ 11,210	\$ 381,343	\$ 453,661

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Enterprise</u>
	<u>Food Service</u>	<u>Summer</u>	<u>Fund</u>
	<u>Program</u>	<u>Program</u>	<u>Totals</u>
		<u>Teacher</u>	
		<u>Total</u>	
Reconciliation of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating (Loss)	\$ (774,678)	\$ (2,499)	\$ (777,497)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	27,011		27,011
Food Distribution Program	97,097		97,097
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	3,616		3,616
(Increase) in Inventory	(743)		(743)
Decrease in Prepaid Expenses		138	138
Increase/(Decrease) in Unearned Revenue:			
Food Distribution Program	(8,151)		(8,151)
Prepaid Meals/Summer Program	9,251	6,026	15,277
(Decrease) in Accounts Payable	(208,166)	(1,020)	(209,211)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (854,763)</u>	<u>\$ 2,645</u>	<u>\$ (852,463)</u>
		<u>\$ (345)</u>	<u>\$ 2,300</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$88,946 and utilized \$97,097 for the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ASSETS:			
Cash and Cash Equivalents	\$ 456,052	\$ 425,633	\$ 881,685
Interfund Receivable	2,199		2,199
Total Assets	<u>458,251</u>	<u>425,633</u>	<u>883,884</u>
LIABILITIES:			
Due to Student Groups	442,435		442,435
Payroll Deductions and Withholdings	15,816		15,816
Total Liabilities	<u>458,251</u>		<u>458,251</u>
NET POSITION:			
Held in Trust for:			
Unemployment Compensation Claims		425,633	425,633
Total Net Position	<u>\$ -0-</u>	<u>\$ 425,633</u>	<u>\$ 425,633</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Share	\$ 209,224	\$ 209,224
Total Contributions	<u>209,224</u>	<u>209,224</u>
Investment Earnings:		
Interest	<u>5,496</u>	<u>5,496</u>
Net Investment Earnings	<u>5,496</u>	<u>5,496</u>
Total Additions	<u>214,720</u>	<u>214,720</u>
Deductions:		
Unemployment Compensation Claims	<u>265,099</u>	<u>265,099</u>
Total Deductions	<u>265,099</u>	<u>265,099</u>
Change in Net Position	(50,379)	(50,379)
Net Position - Beginning of the Year	<u>476,012</u>	<u>476,012</u>
Net Position - End of the Year	<u>\$ 425,633</u>	<u>\$ 425,633</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 436,754	\$ 890,958	\$ 885,277	\$ 442,435
Total Assets	<u>\$ 436,754</u>	<u>\$ 890,958</u>	<u>\$ 885,277</u>	<u>\$ 442,435</u>
 LIABILITIES:				
Due to Student Groups	\$ 436,754	\$ 890,958	\$ 885,277	\$ 442,435
Total Liabilities	<u>\$ 436,754</u>	<u>\$ 890,958</u>	<u>\$ 885,277</u>	<u>\$ 442,435</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Elementary Schools:				
Bradford	\$ 6,232	\$ 22,450	\$ 22,029	\$ 6,653
Charles H. Bullock	15,053	12,360	9,937	17,476
Edgemont	6,486	11,545	5,893	12,138
Hillside	49,353	59,398	60,922	47,829
Nishuane	5,584	7,077	9,057	3,604
Northeast	14,074	9,411	13,239	10,246
Watchung	7,512	28,887	24,965	11,434
Total Elementary Schools	<u>104,294</u>	<u>151,128</u>	<u>146,042</u>	<u>109,380</u>
Middle Schools:				
Glenfield	40,921	187,727	159,899	68,749
Buzz Aldrin	41,319	79,362	81,243	39,438
Renaissance	50,090	57,305	74,313	33,082
Total Middle Schools	<u>132,330</u>	<u>324,394</u>	<u>315,455</u>	<u>141,269</u>
High School:				
Montclair High School	177,917	311,921	309,658	180,180
Athletic Account	22,213	103,515	114,122	11,606
Total High School	<u>200,130</u>	<u>415,436</u>	<u>423,780</u>	<u>191,786</u>
Total All Schools	<u>\$ 436,754</u>	<u>\$ 890,958</u>	<u>\$ 885,277</u>	<u>\$ 442,435</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 475,789	\$132,091,000	\$ 132,553,172	\$ 13,617
Interfund Receivable - General Fund		2,199		2,199
	<u>475,789</u>	<u>132,093,199</u>	<u>132,553,172</u>	<u>15,816</u>
Total Assets	<u>\$ 475,789</u>	<u>\$132,093,199</u>	<u>\$ 132,553,172</u>	<u>\$ 15,816</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 156,283	\$132,093,199	\$ 132,233,666	\$ 15,816
Interfund Payable - General Fund	319,506		319,506	
	<u>475,789</u>	<u>132,093,199</u>	<u>132,553,172</u>	<u>15,816</u>
Total Liabilities	<u>\$ 475,789</u>	<u>\$132,093,199</u>	<u>\$ 132,553,172</u>	<u>\$ 15,816</u>

LONG-TERM DEBT

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Matured</u>	<u>Balance June 30, 2018</u>
Apple Computers	0.90%	\$ 301,432	\$ 84,622	\$ 84,622	
Apple Computers	0.00%	169,258	84,629	42,315	\$ 42,314
Apple Computers	0.00%	100,171	50,085	25,042	25,043
School Bus	3.698645%	97,140	76,519	18,100	58,419
			<u>\$ 295,855</u>	<u>\$ 170,079</u>	<u>\$ 125,776</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the 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 School's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 49,319,766	\$ 50,686,622	\$ 50,727,177	\$ 48,878,543	\$ 50,419,530	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497	\$ 67,195,905	\$ 68,331,089
Special Education	10,778,838	10,950,096	11,432,967	13,240,517	13,673,747	14,463,175	14,035,556	15,619,647	17,774,029	17,471,766
Other Special Instruction	1,081,994	1,397,703	1,355,741	2,043,269	2,448,400	2,517,238	3,070,118	3,020,620	3,418,485	3,220,413
School-Sponsored Instruction	2,893,988	3,012,233	2,232,289	1,809,677	1,778,949	1,873,094	2,025,116	2,021,715	2,261,364	2,362,269
Support Services:										
Tuition	4,947,698	5,436,746	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449
Student & Instruction Related Services	20,865,133	22,262,622	20,892,795	19,907,216	23,111,451	24,620,537	30,765,348	33,896,334	38,160,334	37,539,210
School Administrative Services	5,697,569	6,453,978	5,926,334	5,687,924	5,797,230	6,618,614	2,358,740	2,203,262	2,505,852	2,314,025
General and Business Administrative Services	1,758,321	1,745,216	1,540,450	1,874,286	2,064,650	1,954,247	6,900,062	7,362,141	8,378,945	8,168,027
Central Services	1,833,063	1,853,971	1,928,764	1,655,412	1,645,518	1,917,572	2,050,988	2,013,448	2,258,488	2,344,001
Administrative Information Technology				301,037	297,595	771,619	1,011,762	1,212,581	1,232,712	1,255,705
Plant Operations And Maintenance	9,371,020	9,587,936	9,458,409	9,275,074	9,178,249	9,640,014	9,855,524	10,270,734	11,127,101	11,492,712
Pupil Transportation	4,436,644	4,422,775	4,198,807	4,327,092	4,666,981	4,615,598	4,762,678	4,850,939	5,542,086	4,920,476
Capital Outlay				76,167	85,938	180,752	156,178	10,420		
Special Schools	517,699	534,724	462,743	503,306	477,788	402,760	156,178	10,420	43,223	33,016
Transfer to Charter School			19,292	21,582	7,204					
State Administrative Fee			63,146							
Unallocated Depreciation										
Total Governmental Activities Expenses	\$ 114,892,396	\$ 120,297,642	\$ 116,933,561	\$ 116,866,609	\$ 123,289,091	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716	\$ 168,081,344	\$ 167,845,559
Business-Type activities:										
Food Service	\$ 1,368,552	\$ 1,443,652	\$ 1,395,102	\$ 1,453,543	\$ 1,192,701	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749	\$ 1,280,854	\$ 1,513,737
Provisional Teacher	153,096	68,740	101,688	117,086	80,041	70,433	69,983	76,134	61,175	26,820
Saturday Music	20,255	20,891	18,494	19,943	20,260					
Summer Programs	536,855									
Total Business-Type Activities Expense	\$ 2,078,758	\$ 1,533,283	\$ 1,515,284	\$ 1,590,572	\$ 1,293,002	\$ 1,274,819	\$ 1,312,156	\$ 1,357,603	\$ 1,342,029	\$ 1,540,567
Total District Expenses	\$ 116,971,154	\$ 121,830,925	\$ 118,448,845	\$ 118,457,181	\$ 124,582,093	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319	\$ 169,633,713	\$ 169,698,879
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Tuition				\$ 64,983	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739	\$ 167,105
Special Schools				458,805	415,348	331,246	108,719			
Pupil Transportation									6,572	
Operating Grants and Contributions	\$ 10,346,419	\$ 11,427,039	\$ 11,478,828	\$ 18,801,996	\$ 19,506,729	\$ 18,068,049	\$ 32,701,958	\$ 38,048,010	\$ 50,727,530	\$ 54,167,407
Capital Grants and Contributions				25,399	3,243,859	528,704	1,731,544	2,017,080	2,203,366	2,027,323
Total Governmental Activities Program Revenues	\$ 10,346,419	\$ 11,427,039	\$ 11,478,828	\$ 19,351,183	\$ 23,533,880	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833	\$ 52,978,207	\$ 56,361,835

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues:										
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 2,092,906	\$ 919,865	\$ 858,972	\$ 595,702	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296	\$ 739,059
Provisional Teacher				69,487	72,517	68,600	69,735	66,250	41,460	26,500
Saturday Music				16,599	13,909					
Summer Programs				590,331	642,348	520,727	583,235	547,337	179,056	310,264
Operating Grants and Contributions				1,272,119	1,192,338	1,059,786	1,256,815	1,169,987	542,509	550,354
Total Business-Type Activities Program Revenues	\$ 2,092,906	\$ 1,490,938	\$ 1,437,651	\$ 2,521,539	\$ 2,382,569	\$ 2,121,572	\$ 3,036,660	\$ 2,827,274	\$ 1,287,321	\$ 1,626,177
Total District Program Revenues	\$ 12,439,325	\$ 12,917,977	\$ 12,916,479	\$ 20,623,302	\$ 24,726,218	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528	\$ 57,988,012
Net (Expense)/Revenue Governmental Activities	\$ (104,545,977)	\$ (108,870,603)	\$ (105,454,733)	\$ (97,515,426)	\$ (99,755,211)	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)	\$ (115,103,137)	\$ (111,483,724)
Net (Expense)/Revenue Business-Type Activities	14,148	(42,345)	(77,633)	(318,453)	(100,664)	(215,033)	(55,341)	(187,616)	(265,048)	(227,143)
Total District-Wide Net Expense	\$ (104,531,829)	\$ (108,912,948)	\$ (105,532,366)	\$ (97,833,879)	\$ (99,855,875)	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)	\$ (111,710,867)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 93,005,952	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548
Township of Montclair- Type I School District	3,853,200	2,986,360	533,670							
Federal and State Aid Restricted	178,473	171,103	1,334,974							
Federal and State Aid not Restricted	9,317,956	8,424,962	5,509,318	763,527	1,346,151	1,604,800	1,477,037	1,510,302	1,619,868	1,521,257
Tuition	92,089	99,691	74,609							
Prior Year Accounts Payable Canceled	1,195,290	2,923,039	1,257,199	286,554	454,293	474,576	98,740	938,497	581,255	672,760
Miscellaneous Income	(50,000)	(100,000)	(50,000)	(394,567)	(115,000)	(166,215)	(100,830)	(92,321)	(203,668)	(224,425)
Transfers										
Total Governmental Activities	\$ 107,592,960	\$ 111,374,169	\$ 109,763,614	\$ 98,165,212	\$ 99,195,142	\$ 99,422,859	\$ 105,144,891	\$ 108,060,486	\$ 111,919,053	\$ 114,606,140
Business-Type Activities:										
Investment Earnings				227	242	187	190	247	421	1,042
Miscellaneous	707	262	317				105,165			
Allowance for Doubtful Accounts							(75,000)			
Prior Year Accounts Payable Canceled										
Special Items					107,215	895				
Transfers				394,567	115,000	166,215	100,830	92,321	203,668	13,947
Total Business-Type Activities	\$ 50,707	\$ 100,000	\$ 50,000	\$ 394,567	\$ 222,457	\$ 167,297	\$ 131,185	\$ 92,568	\$ 204,089	\$ 239,414
Total District-Wide	\$ 107,643,667	\$ 111,474,431	\$ 109,813,931	\$ 98,560,006	\$ 99,417,599	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142	\$ 114,845,554
Change in Net Position:										
Governmental Activities	\$ 3,046,983	\$ 2,503,566	\$ 4,308,881	\$ 649,786	\$ (560,069)	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)	\$ (3,184,084)	\$ 3,122,416
Business-Type Activities	64,855	57,917	(27,316)	76,341	121,793	(47,736)	75,844	(95,048)	(60,959)	12,271
Total District	\$ 3,111,838	\$ 2,561,483	\$ 4,281,565	\$ 726,127	\$ (438,276)	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)	\$ 3,134,687

Source: School District Financial Reports

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved/Restricted	\$ 4,254,554	\$ 4,069,255	\$ 7,119,798	\$ 10,004,894	\$ 9,068,839	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090	\$ 1,277,073	\$ 3,183,026
Assigned		42,233	959,014	1,093,339	1,587,304	2,843,119	724,878	989,770	492,636	2,249,784
Unassigned			2,641,752	2,289,349	1,572,302	136,498	1,766,252	1,674,878	1,633,232	2,720,300
Unreserved	2,051,191	2,044,532								
Total General Fund	\$ 6,305,745	\$ 6,113,787	\$ 10,762,797	\$ 13,387,582	\$ 12,228,445	\$ 8,367,887	\$ 4,512,201	\$ 4,677,738	\$ 3,402,941	\$ 8,153,110
All Other Governmental Funds:										
Reserved/Restricted	\$ 34,191,609	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,108,168	\$ (188,987)	\$ (372,589)	
Committed							56,803	24,261	28,133	
Unassigned/(Deficit)										\$ (378,664)
Total All Other Governmental Funds	\$ 34,191,609	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,164,971	\$ (164,726)	\$ (344,456)	\$ (378,664)
Total All Funds	\$ 40,497,354	\$ 27,067,109	\$ 16,108,503	\$ 15,101,144	\$ 14,429,847	\$ 8,415,490	\$ 5,677,172	\$ 4,513,012	\$ 3,058,485	\$ 7,774,446

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Tax Levy	\$ 93,005,952	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008	\$ 109,921,598	\$ 112,636,548
Miscellaneous	1,287,379	1,232,188	1,331,808	1,071,246	4,373,995	1,590,795	4,582,287	3,262,815	1,036,493	1,118,230
State Sources	17,211,871	16,203,619	14,519,845	16,138,462	18,668,742	17,469,858	18,966,267	21,031,329	23,756,709	26,275,848
Federal Sources	2,630,977	3,819,485	3,803,276	3,191,557	2,291,588	3,114,493	2,587,313	2,737,851	2,747,845	2,349,697
Total Revenue	114,136,179	118,124,306	120,758,773	117,910,963	122,844,023	119,684,844	127,627,953	132,736,003	137,462,645	142,380,323
Expenditures:										
Instruction:										
Regular Instruction	38,165,378	38,747,421	37,773,061	36,968,473	37,940,996	37,230,553	39,336,934	37,622,800	38,597,011	39,240,747
Special Education Instruction	8,234,960	8,418,340	8,522,680	10,230,542	10,449,884	11,265,160	9,531,955	10,158,894	10,304,567	9,932,543
Other Instruction	825,533	1,045,867	989,830	1,539,649	1,832,553	1,885,558	2,061,075	2,004,902	2,068,291	1,951,708
School-Sponsored Instruction	2,368,460	2,426,083	1,766,670	1,434,414	1,410,772	1,491,489	1,470,382	1,391,942	1,392,876	1,454,363
Support Services:										
Tuition	4,947,698	5,436,746	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501	5,750,419	5,960,449
Student and Instruction Related Services	16,303,998	17,363,672	15,793,369	15,027,478	17,346,129	18,492,787	21,224,914	22,622,671	22,995,689	22,504,370
Central Services				1,257,133	1,250,862	1,423,763	1,399,045	1,990,035	1,342,054	1,314,916
Administrative Information Technology	1,472,998	1,459,796	1,487,707	272,669	268,544	713,418	725,469	4,612,683	803,152	798,073
General Administrative Services	1,525,255	1,493,039	1,319,028	1,627,834	1,917,706	1,833,498	2,172,875	1,310,991	2,081,026	1,879,769
School Administrative Services	4,352,858	4,832,265	4,329,703	4,188,259	4,310,048	4,574,757	4,505,564	843,050	4,732,220	4,578,561
Plant Operations And Maintenance	8,160,387	8,265,274	8,054,912	7,898,069	7,856,149	8,035,186	7,856,149	7,803,481	7,935,925	8,027,385
Pupil Transportation	4,375,929	4,355,617	4,121,369	4,245,329	4,587,314	4,519,707	4,643,965	4,708,140	5,290,632	4,702,946
Unallocated Benefits	22,102,949	23,878,661	25,960,512	24,358,225	25,808,190	26,020,243	27,210,100	29,818,675	33,415,259	35,503,265
Special Schools	475,316	485,903	462,743	503,306	477,788	402,760	156,178			
Transfer to Charter Schools			19,292	21,582	7,204		10,420	10,448	43,223	33,016
Capital Outlay	14,895,992	18,022,769	6,180,917	4,167,480	2,841,957	2,728,830	3,515,868	4,098,791	3,616,859	2,181,404
Total Expenditures	128,207,711	136,231,453	121,024,844	118,523,755	123,400,320	125,532,986	130,566,873	134,119,004	140,369,203	140,063,515
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(14,071,532)	(18,107,147)	(266,071)	(612,792)	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)	(2,906,558)	2,316,808
Other Financing Sources/(Uses):										
Type I School Debt Authorization										
Prior Year Accounts Payable Cancelled	3,853,200	2,986,360	533,670							
Capital Leases (Non-Budgeted)		1,790,542								
Montclair Improvement Authorization							301,432	269,429	97,140	1,993,588
Transfers In						68,771	2,384,926	11,215	2,203,366	2,438
Transfers Out						(234,986)	(2,485,756)	(61,803)	(204,131)	(226,863)
Total Other Financing Sources/(Uses)	(50,000)	(100,000)	(50,000)	(394,567)	(115,000)	(234,986)	301,432	(61,803)	(204,131)	1,769,163
Total Other Financing Sources/(Uses)	3,803,200	4,676,902	483,670	(394,567)	(115,000)	(166,215)	200,602	218,841	2,096,838	1,769,163
Net Change In Fund Balances	\$ (10,268,332)	\$ (13,430,245)	\$ 217,599	\$ (1,007,359)	\$ (671,297)	\$ (6,014,357)	\$ (2,738,318)	\$ (1,164,160)	\$ (809,720)	\$ 4,085,971
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Subscription Busing	Other	Total
2009	\$ 196,962	\$ 92,089	\$ 94,037	\$ 7,938		\$ 657,590	\$ 1,048,616
2010	60,553	99,691	107,163	13,317		645,830	926,554
2011	57,265	74,609	113,311	777		710,686	956,648
2012	60,563	64,983	95,093	45,826		543,877	810,342
2013	46,645	73,144	129,622	161,535		526,640	937,586
2014	59,993	67,944	107,772	202,391		440,865	878,965
2015	37,710	58,083	125,326	1,896,152 *		326,129	2,443,400
2016	43,155	41,743	41,057	651,887 *		202,142	979,984
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103
2018	205,962	167,105	100,965	106,132		257,263	837,427

* - Includes a refund from Horizon Blue Cross

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

Year Ended December 31,	Vacant Land		Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	\$											
2008	\$ 29,798,800	\$ 6,307,313,300	\$ 692,664,300	\$ 5,137,000	\$ 289,648,900	\$ 7,324,562,300	\$ 650,208,800	\$ 10,545,776	\$ 7,335,108,076	\$ 1.33	\$ 7,172,138,731	
2009	28,004,100	6,313,361,900	691,217,100	5,059,900	286,659,800	7,324,302,800	684,735,700	12,373,331	7,336,676,131	1.38	7,409,467,770	
2010	27,591,400	6,302,954,050	692,606,250	5,059,900	282,541,400	7,310,753,000	686,023,950	12,443,626	7,323,196,626	1.44	7,391,363,685	
2011	26,808,200	6,190,707,050	672,102,250	5,059,900	274,447,400	7,169,124,800	732,540,450	12,016,628	7,181,141,428	1.42	6,956,465,593	
2012	* 16,130,300	4,900,422,400	590,234,900	4,539,500	252,992,300	5,764,319,400	659,913,200	11,362,189	5,775,681,589	1.79	6,881,985,278	
2013	16,472,400	4,894,705,110	588,899,400	4,539,500	252,173,500	5,756,789,910	656,601,900	9,368,010	5,766,157,920	1.80	6,603,712,425	
2014	16,727,600	4,879,173,310	584,383,400	4,539,200	249,503,700	5,734,327,210	657,086,100	8,380,841	5,742,708,051	1.87	6,519,107,090	
2015	17,538,800	4,883,842,510	577,300,700	4,539,200	246,801,000	5,730,022,210	657,073,600	7,948,928	5,737,971,138	1.97	6,746,283,622	
2016	17,238,900	4,879,919,300	569,184,400	3,891,000	240,140,600	5,710,374,200	672,102,200	8,386,600	5,718,760,800	2.05	6,805,822,663	
2017	16,524,600	4,895,004,400	563,938,000	3,891,000	243,149,800	5,722,507,800	699,897,000	8,116,600	5,730,624,400	2.11	7,107,693,577	

* - The Township completed a revaluation in 2012.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

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

Year Ended December 31,	Montclair Township School District					
	Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Montclair Township	Essex County	
2008	\$ 1.33		\$ 1.33	\$ 0.59	\$ 0.38	\$ 2.30
2009	1.38		1.38	0.61	0.40	2.39
2010	1.44		1.44	0.67	0.41	2.52
2011	1.42		1.42	0.72	0.42	2.56
2012	1.79 *		1.79 *	0.92 *	0.54 *	3.25
2013	1.80		1.80	0.94	0.56	3.30
2014	1.87		1.87	0.94	0.59	3.41
2015	1.97		1.97	0.95	0.61	3.53
2016	2.05		2.05	0.96	0.62	3.63
2017	2.11		2.11	0.98	0.64	3.73

*- The Township completed a revaluation in 2012.

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2018			2009		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliffe Apartments		\$ 18,757,000	0.26 %	Lackawanna Associates	\$ 20,543,700	0.28 %
Bellclair, LLC		14,389,300	0.20 %	Bellclair, LLC	17,935,500	0.24 %
Hawthorne Towers, LLC		14,209,100	0.20 %	Hawthorne Towers Partnership	14,276,100	0.19 %
Lackawanna 2013 LLC		14,044,000	0.20 %	Princeton Bank & Industry Consulting Group	13,700,400	0.18 %
Orange Pavilion, LLC		10,764,800	0.15 %	Rockcliffe Apartments	12,236,500	0.17 %
First Montclair, LLC		10,327,600	0.15 %	45 Church Street Associates	9,665,700	0.13 %
39-51 Church Street Association		10,126,800	0.14 %	Orange Pavilion	9,260,100	0.12 %
The Midland Realty Group		8,862,500	0.12 %	Richard Grabowsky, LLC	8,525,100	0.12 %
500 Valley Road LLC		7,992,600	0.11 %	Gordonhurst Associates	8,474,200	0.11 %
Barol Investment Group LLC		7,839,800	0.11 %	Midland Realty Associates	7,355,400	0.10 %
Total		\$ 117,313,500	1.64 %		\$ 121,972,700	1.64 %

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 93,005,952	\$ 93,005,952	100.00%	\$ -0-
2010	96,869,014	96,869,014	100.00%	-0-
2011	101,103,844	101,103,844	100.00%	-0-
2012	97,509,698	97,509,698	100.00%	-0-
2013	97,509,698	97,509,698	100.00%	-0-
2014	97,509,698	97,509,698	100.00%	-0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-
2017	109,921,598	109,921,598	100.00%	-0-
2018	112,636,548	112,636,548	100.00%	-0-

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

Source: Montclair Township School District records including the Certificate and Report of School Taxes (A4F Form)

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2009				\$ -0-	0.00 %	\$ -0-
2010				-0-	0.00 %	-0-
2011				-0-	0.00 %	-0-
2012				-0-	0.00 %	-0-
2013				-0-	0.00 %	-0-
2014				-0-	0.00 %	-0-
2015		\$ 251,561		251,561	0.01 %	6.56
2016		370,546		370,546	0.02 %	9.49
2017		295,855		295,855	0.01 %	7.54
2018		125,776		125,776	0.01 %	3.21

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Township of Montclair	\$ 71,214,780	100.00%	\$ 71,214,780
Essex County General Obligation Debt	410,788,661	8.29%	<u>34,063,782</u>
Subtotal, Overlapping Debt			105,278,562
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 105,278,562</u></u>

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

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

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Montclair Township's equalized property value that is within the Essex County's boundaries and dividing it by Essex County's total equalized property value.

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

Legal Debt Margin Calculation for Fiscal Year 2018	
	Montclair Township
Equalized Valuation Basis	
2017	\$ 7,300,048,220
2016	7,071,670,836
2015	6,813,926,708
	\$21,185,645,764
Average Equalized Valuation of Taxable Property	\$ 7,061,881,921
Debt Limit (4% of Average Equalization Value) ^a	\$ 282,475,277
Net Bonded School Debt as of June 30, 2018	-0-
Legal Debt Margin	\$ 282,475,277

Montclair Township Debt Information					
Fiscal Year					
	2009	2010	2011	2012	2013
Debt Limit	\$286,061,678	\$293,078,040	\$290,962,228	\$ 283,899,181	\$ 273,247,823
Total Net Debt Applicable to Limit	96,673,800	98,199,040	98,951,394	78,553,510	80,327,640
Legal Debt Margin	\$189,387,878	\$194,879,000	\$192,010,834	\$ 205,345,671	\$ 192,920,183
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	33.79%	33.51%	34.01%	27.67%	29.40%

Fiscal Year					
	2014	2015	2016	2017	2018
Debt Limit	\$266,007,265	\$264,469,326	\$267,474,394	\$ 274,796,198	\$ 282,475,277
Total Net Debt Applicable to Limit	71,192,725	72,870,022	67,789,226	70,707,543	71,214,780
Legal Debt Margin	\$194,814,540	\$191,599,304	\$199,685,168	\$ 204,088,655	\$ 211,260,497
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	26.76%	27.55%	25.34%	25.73%	25.21%

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

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

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

Year	Population ^a	Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2009	37,317	\$ 1,919,885,016	\$ 51,448	6.60%
2010	37,709	1,955,814,994	51,866	6.80%
2011	37,884	2,058,805,980	54,345	6.80%
2012	37,933	2,080,321,586	54,842	6.70%
2013	38,070	2,111,171,850	55,455	6.70%
2014	38,233	2,199,965,053	57,541	5.20%
2015	38,328	2,294,429,064	59,863	4.30%
2016	39,031	2,376,480,497	60,887	4.00%
2017	39,227	2,388,414,349	60,887 *	3.80%
2018	39,227 **	2,388,414,349 ***	60,887 *	N/A

* - Latest Essex County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

***- Latest available population data (2017) and latest available Essex County per capita personal income (2016) was used for calculation purposes.

N/A - Information not available

Source:

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

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

c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2018		2009	
Employer	Employees	Employer	Employees
		Percentage of Total Employment	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>	<u>2018</u>
Instruction:										
Regular	466.0	469.0	442.0	437.0	433.1	454.0	467.9	470.9	480.4	458.6
Special Education	110.0	112.0	112.0	114.0	147.9	163.0	143.6	141.8	134.6	132.7
Support Services:										
Student & Instruction Related Services	123.0	123.0	108.0	106.0	95.8	272.0	301.4	336.7	343.5	328.6
School Administrative Services	71.0	71.0	64.0	66.0	46.8	49.0	49.5	48.5	49.0	45.5
General and Business Administrative Services	6.0	6.0	5.0	6.0	5.7	4.0	3.0	3.0	4.3	4.3
Plant Operations and Maintenance	61.0	61.0	60.0	60.0	63.0	61.0	61.0	62.0	63.0	65.0
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.5	4.0	4.0
Business and Other Support Services	15.0	15.0	15.0	14.0	2.0	14.0	20.7	20.7	20.0	22.7
Total	854.0	859.0	808.0	805.0	796.3	1,020.0	1,050.1	1,087.0	1,098.8	1,061.4

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2009	6,636	\$ 113,311,719	\$ 17,075	-0.33 %	679	11.5:1	8.7:1	10.6:1	6,636	6,304	1.24 %	95.00 %
2010	6,673	118,208,684	17,714	3.74 %	676	11.5:1	8.7:1	10.6:1	6,662	6,350	0.39 %	95.32 %
2011	6,645	114,843,927	17,283	-2.44 %	640	10.9:1	8.6:1	10.3:1	6,635	6,339	-0.41 %	95.54 %
2012	6,638	114,356,275	17,228	-0.32 %	637	12.8:1	8.5:1	10.0:1	6,638	6,352	0.05 %	95.69 %
2013	6,667	120,558,363	18,083	4.96 %	699	12.7:1	9.1:1	11.5:1	6,667	6,464	0.44 %	96.96 %
2014	6,736	122,804,156	18,231	0.82 %	704	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	708	10.1:1	8.2:1	9.7:1	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	757	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	723	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %
2018	6,735	137,882,111	20,472	-0.81 %	720	12.1:1	9.7:1	12.9:1	6,664	6,323	-0.13 %	94.88 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</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>	<u>2018</u>
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,981	1,962	1,972	1,952	1,966	1,981	1,946	2,018	2,029	2,047
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	668	689	702	717	711	678	680	649	640	641
Buzz Aldrin Middle School										
Square Feet	125,799	125,799	125,799	125,799	125,799	126,568	126,568	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	603	580	578	554	545	546	646	642	659	658
Renaissance Middle School										
Square Feet	38,722	38,722	38,722	38,722	38,722	37,167	37,167	37,167	37,167	37,167
Capacity (students)	245	245	345	345	345	345	345	345	345	345
Enrollment	242	251	243	253	262	269	276	284	289	280
Bradford Elementary School										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	474	484	471	451	450	427	441	431	426	430
Bullock Elementary School										
Square Feet	N/A	N/A	84,017	84,017	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	N/A	N/A	550	550	550	550	550	550	550	550
Enrollment	N/A	N/A	399	433	442	384	481	463	439	448

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Edgemont Elementary School	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Square Feet	312	312	312	312	312	312	312	312	312	312
Capacity (students)	297	299	289	305	296	396	284	288	283	291
Hillside Elementary School	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Square Feet	680	680	680	680	680	680	680	680	680	680
Capacity (students)	623	629	620	650	626	531	560	587	591	521
Nishuane Elementary School	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Square Feet	663	663	663	663	663	663	663	663	663	663
Capacity (students)	521	521	479	479	469	467	489	458	423	394
Northeast Elementary School	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Square Feet	380	380	380	380	380	380	380	380	380	380
Capacity (students)	403	426	442	456	448	442	441	436	415	416
Rand Elementary School	38,722	38,722	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet	345	345	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	317	355	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Watchung Elementary School	34,638	34,638	34,638	34,638	34,638	52,109	52,109	52,109	52,109	52,109
Square Feet	312	312	312	312	312	312	312	312	312	312
Capacity (students)	432	461	450	457	452	448	441	439	432	426

N/A- Not Applicable

Number of Schools at June 30, 2018

Elementary = 8

Middle School = 3

High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

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

Undistributed Expenditures:

Required Maintenance for School Facilities (11-000-261-XXX)

School Facilities *	Projects #	2009	2010	2011	2012	2013
Bradford Elementary School	N/A	\$ 26,057	\$ 31,035	\$ 26,981	\$ 43,151	\$ 39,659
Bullock Elementary School	N/A			6,658	41,767	50,835
Edgemont Elementary School	N/A	19,472	23,866	19,498	24,522	28,724
Glenfield Middle School	N/A	14,205	80,054	71,614	132,436	95,360
Hillside Elementary School	N/A	40,561	40,557	51,563	116,235	88,680
Montclair High School	N/A	164,659	151,815	170,205	294,124	305,909
Buzz Aldrin Middle School	N/A	42,321	49,797	44,008	114,523	111,671
Nishuane Elementary School	N/A	29,289	26,891	38,097	64,539	55,792
Northeast Elementary School	N/A	25,692	20,972	46,597	46,998	58,313
Rand Elementary School	N/A	24,895	14,424			
Renaissance Middle School	N/A			27,319	58,794	39,390
Watchung Elementary School	N/A	25,025	30,828	36,402	40,292	34,732
		<u>\$ 412,176</u>	<u>\$ 470,239</u>	<u>\$ 538,942</u>	<u>\$ 977,381</u>	<u>\$ 909,065</u>

School Facilities *	Projects #	2014	2015	2016	2017	2018
Bradford Elementary School	N/A	\$ 37,641	\$ 35,946	\$ 23,657	\$ 70,566	\$ 88,175
Bullock Elementary School	N/A	68,502	41,652	31,932	39,862	31,715
Edgemont Elementary School	N/A	32,790	27,907	38,554	27,947	125,787
Glenfield Middle School	N/A	103,155	122,785	90,628	116,527	78,449
Hillside Elementary School	N/A	84,818	58,285	51,443	68,343	172,021
Montclair High School	N/A	266,067	279,625	277,444	321,473	476,500
Buzz Aldrin Middle School	N/A	34,966	12,693	135,193	47,739	66,341
Nishuane Elementary School	N/A	42,586	61,091	25,059	51,998	72,105
Northeast Elementary School	N/A	56,390	51,954	71,012	1,275	80,527
Renaissance Middle School	N/A	36,368	61,288	40,343	55,057	45,224
Watchung Elementary School	N/A	40,991	29,641	54,262	121,022	100,427
		<u>\$ 804,274</u>	<u>\$ 782,867</u>	<u>\$ 839,527</u>	<u>\$ 921,809</u>	<u>\$ 1,337,271</u>

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

Source: Montclair Township School District records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	Coverage	Deductible
American Alternative Insurance Company:		
Property - Blanket Building & Contents	\$ 282,824,525	\$ 5,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	
Excess Liability Coverage	10,000,000	
Electronic Data Processing	3,009,058	
Boiler and Machinery - Property Damage	Included	
Board of Education Legal Liability Coverage A (E&O and EPLI)	1,000,000	20,000
Aggregate	3,000,000	
Board of Education Legal Liability Coverage B	100,000	20,000
Aggregate	300,000	
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
NUEP (Excess Coverage)	30,000,000	
Starstone/Markel		
Additional Excess Liability		
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
State National Insurance Company, Inc.:		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Public Employees' Faithful Performance Bonds -		
Travelers Insurance Company:		
Andrea Del Guercio - Treasurer	456,000	
Emidio D'Andrea - Business Administrator	456,000	
Student & Athletic Insurance - US Fire Insurance:		
Limit including all sports activities - Standard Plan, Medical	25,000	
Benefit Period - 3 years		
Limit including all sports activities - Excess Coverage Plan, Medical	5,000,000	25,000
Benefit Period - 10 years		
Catastrophic Cash	1,000,000	

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters


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

Purpose of this Report

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Montclair Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

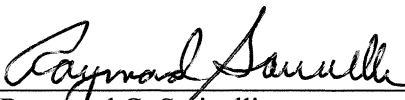
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Prior Year Encum- brances Cancelled	Balance at June 30, 2018		Amount Provided to Subrecipients
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education - Passed-through State Department of Education:											
Special Revenue Fund:											
Special Education Cluster:											
84.027	IDEA-3310-18	7/1/17	\$ 1,752,243			\$ 1,343,945	\$ (1,625,729)		\$ (281,784)		
84.027	IDEA-3310-17	7/1/16	1,757,779	\$ (449,356)		449,356					
84.173	IDEA-3310-18	7/1/17	114,297			51,432	(56,817)		(5,385)		
84.173	IDEA-3310-17	7/1/16	43,465	(35,917)		37,294		165		\$ 1,542	
				(485,273)		1,882,027	(1,682,546)	165	(287,169)		1,542
Elementary and Secondary Education Act:											
Title I											
84.010	ESEA-3310-18	7/1/17	695,262			243,687	(492,135)		(248,448)		
84.010	ESEA-3310-17	7/1/16	430,639	(194,377)		194,377					
84.010	ESEA-3310-18	7/1/17	184,588			11,005	(28,943)		(17,938)		
84.367A	ESEA-3310-18	7/1/17	170,688			81,685	(143,446)		(61,761)		
84.367A	ESEA-3310-17	7/1/16	175,129	(82,385)		82,385					
84.365A	ESEA-3310-18	7/1/17	10,290			4,377	(7,946)		(3,569)		
84.365A	ESEA-3310-18	7/1/17	19,095	(854)		355	(2,203)		(1,848)		
84.365A	ESEA-3310-17	7/1/16	2,374			854					
84.358	ESEA-3310-18	7/1/17	10,000			1,631	(1,631)				
	Total U.S. Department of Education			(762,889)		2,502,383	(2,358,850)	165	(620,733)		1,542
	Total Special Revenue Fund			(762,889)		2,502,383	(2,358,850)	165	(620,733)		1,542
U.S. Department of Health and Human Services - Passed-through State Department of Human Services:											
Medicaid Cluster:											
93.778	N/A	7/1/17	66,578			66,578	(66,578)				
	Medical Assistance Program (SEMI)										
	Total General Fund/Medicaid Cluster					66,578	(66,578)				
Total U.S. Department of Health and Human Services											
U.S. Department of Agriculture - Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
10.553	N/A	7/1/17	51,686			47,673	(51,686)		(4,013)		
10.553	N/A	7/1/16	88,725	(7,457)		7,457					
10.555	N/A	7/1/17	388,660			359,816	(388,660)		(28,844)		
10.555	N/A	7/1/16	362,501	(28,652)		28,652					
10.555	N/A	7/1/17	88,946			88,946	(88,838)		\$ 108		
10.555	N/A	7/1/16	79,478	8,259		(8,259)					
	Subtotal Child Nutrition Cluster			(27,850)		532,544	(537,443)		(32,857)		
	Total U.S. Department of Agriculture			(27,850)		532,544	(537,443)		(32,857)		
	TOTAL FEDERAL AWARDS			(790,739)	\$ -0-	\$ 3,101,505	(2,962,871)	\$ 165	\$ (653,590)	\$ 108	\$ 1,542

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO Cumulative Total Expenditures
				Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor	
State Department of Education:												
General Fund:												
Special Education Categorical Aid	18-495-034-5120-089	7/1/17 6/30/18	\$ 4,260,034	\$ 3,848,710	\$ (403,167)	\$ 403,167	\$ (4,260,034)			\$ 411,324	\$ 4,260,034	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16 6/30/17	4,231,151	403,167	(403,167)					113,489	1,175,389	
Transportation Aid	18-495-034-5120-014	7/1/17 6/30/18	1,175,389	1,061,900	(111,998)	111,998	(1,175,389)			72,356	749,384	
Transportation Aid	17-495-034-5120-014	7/1/16 6/30/17	1,175,389	677,028	(111,998)	111,998	(749,384)			48,596	503,304	
Security Aid	18-495-034-5120-084	7/1/17 6/30/18	749,384	71,405	(71,405)	71,405	(503,304)			6,568	68,020	
Security Aid	17-495-034-5120-084	7/1/16 6/30/17	749,384	454,708	(47,958)	47,958	(68,020)			6,568	68,020	
Adjustment Aid	18-495-034-5120-085	7/1/17 6/30/18	503,304	61,452	(6,481)	6,481	(68,020)			6,546	67,800	
Adjustment Aid	17-495-034-5120-085	7/1/16 6/30/17	503,304	61,452	(6,481)	6,481	(67,800)			1,354,551	1,354,551	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 6/30/18	68,020	6,460	(6,460)	6,460	(1,354,551)			(80,910)	80,910	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 6/30/17	68,020	887,577	(887,577)	887,577	(80,910)				80,910	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 6/30/18	67,800	50,634	(50,634)	50,634	(80,910)				80,910	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 6/30/17	67,800	5,185,323	(5,185,323)	5,185,323	(5,185,323)				5,185,323	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 6/30/18	67,800	7,838,111	(7,838,111)	7,838,111	(7,838,111)				7,838,111	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 6/30/17	67,800	190,211	(190,211)	190,211	(190,211)				190,211	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17 6/30/18	1,354,551	8,831	(8,831)	8,831	(8,831)				8,831	
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16 6/30/17	1,354,551	3,901,261	(4,107,849)	4,107,849	(4,107,849)				4,107,849	
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17 6/30/18	80,910	203,375	(203,375)	203,375	(203,375)				206,588	
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16 6/30/17	80,910	25,145,777	(1,795,536)	25,145,777	(25,657,737)				2,307,496	
On-Behalf TPAF Contributions:												
Post-Retirement Medical	18-495-034-5094-001	7/1/17 6/30/18	5,185,323				(5,185,323)				5,185,323	
Pension	18-495-034-5094-002	7/1/17 6/30/18	7,838,111				(7,838,111)				7,838,111	
Non-Contributory Insurance	18-495-034-5094-004	7/1/17 6/30/18	190,211				(190,211)				190,211	
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 6/30/18	8,831				(8,831)				8,831	
Reimbursed TPAF Social Security Aid	18-495-034-5094-003	7/1/17 6/30/18	4,107,849				(4,107,849)				4,107,849	
Reimbursed TPAF Social Security Aid	17-495-034-5094-003	7/1/16 6/30/17	4,146,183				(4,146,183)				4,146,183	
Total General Fund State Aid				25,145,777	(1,795,536)	25,145,777	(25,657,737)			2,307,496	25,657,737	
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	18-100-034-5120-064	7/1/17 6/30/18	94,277				(94,277)				94,277	
Textbook Aid (Chapter 194)	17-100-034-5120-064	7/1/16 6/30/17	97,354				(97,354)				97,354	
Nursing Services (Chapter 226)	18-100-034-5120-070	7/1/17 6/30/18	166,937				(166,937)				166,937	
Auxiliary Services (Chapter 192):												
Compensatory Education	18-100-034-5120-067	7/1/17 6/30/18	62,717				(62,717)				62,717	
Compensatory Education	17-100-034-5120-067	7/1/16 6/30/17	76,501				(76,501)				76,501	
English as a Second Language	18-100-034-5120-067	7/1/17 6/30/18	903				(903)				903	
English as a Second Language	17-100-034-5120-067	7/1/16 6/30/17	914				(914)				914	
Transportation	17-100-034-5120-067	7/1/16 6/30/17	22,707				(22,707)				22,707	
Home Instruction	18-100-034-5120-067	7/1/17 6/30/18	8,818				(8,818)				8,818	

MONTECLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Due to Grantor	Cash Received	Budgetary Expenditures	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	GAAP (Accounts Receivable)						Due to Grantor	Budgetary Receivable		Cumulative Total Expenditures
State Department of Education:															
Special Revenue Fund (Cont'd):															
NJ Nonpublic Aid (Cont'd):															
Handicapped Services (Chapter 193):															
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	\$ 58,679	\$ 7,063	\$ 58,679	\$ 4,041	\$ (54,638)	\$ (7,063)	\$ 4,041	\$	\$	\$ 54,638		
Supplementary Instruction	17-100-034-5120-066	7/1/16	6/30/17	53,360				(87,897)	(19,804)				10,558	87,897	
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	98,455	19,804	98,455		(15,981)	(10,195)				7,232	15,981	
Examination and Classification	17-100-034-5120-066	7/1/16	6/30/17	97,782				(125,574)	(2,849)				3,501	125,574	
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	23,213	10,195	23,213		(59,081)	(942)				4,596	59,081	
Corrective Speech	17-100-034-5120-066	7/1/16	6/30/17	26,505											
Security Aid	18-100-034-5120-509	7/1/17	6/30/18	129,075	2,849	129,075									
Security Aid	17-100-034-5120-509	7/1/16	6/30/17	84,500											
Technology Initiative	18-100-034-5120-373	7/1/17	6/30/18	63,677	942	63,677									
Technology Initiative	17-100-034-5120-373	7/1/16	6/30/17	43,914											
Total Special Revenue Fund					71,395	697,933		(673,150)	(71,395)			(8,818)	33,601	673,150	
Enterprise Fund:															
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	12,911		11,903		(12,911)						1,008	12,911
State School Lunch Program	17-100-010-3350-023	7/1/16	6/30/17	10,001		827									
Total Enterprise Fund					(827)	12,730		(12,911)				(1,008)		1,008	12,911
Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/18	990,572		1,249,592		2,375						990,572	5,220,347
Educational Facilities Construction & Financing Act	Various	Various	Various	7,255,622										2,035,275	5,220,347
Total Capital Projects Fund					(4,277,814)	1,249,592		2,375						3,025,847	5,220,347
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$(6,074,177)	\$27,106,032		\$(26,343,798)	\$(71,395)			\$(1,651,875)	\$ 33,601	\$ 5,334,351	\$31,564,145
Less - State Awards Not Subject to Single Audit Major Program Determination:															
On-Behalf TPAF Pension System Contributions:															
Post-Retirement Medical	18-495-034-5094-001	7/1/17	6/30/18	5,185,323											5,185,323
Pension	18-495-034-5094-002	7/1/17	6/30/18	7,838,111											7,838,111
Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	190,211											190,211
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	8,831											8,831
Subtotal On-Behalf TPAF Pension System Contributions						13,222,476									13,222,476
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION															\$(13,121,322)

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Township of Montclair School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. 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* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the SDA grants which are realized as revenue upon their award, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures and when funds are submitted for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11,497) for the General Fund and \$(121,358) for the Special Revenue Fund (of which \$(2,085) is for local grants not reflected on the schedules of assistance). See Note 1(D) 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 revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 66,578	\$ 25,646,240	\$ 25,712,818
Special Revenue Fund	2,283,119	629,608	2,912,727
Food Service Fund	537,443	12,911	550,354
Total Financial Assistance	\$ 2,887,140	\$ 26,288,759	\$ 29,175,899

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2018. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$3,132,420 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2018. As of June 30, 2018 \$106,573 has been expended and submitted for reimbursement and \$106,573 has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	Federal CFDA/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
Special Education Cluster:				
IDEA Part B, Basic	84.027	7/1/17-6/30/18	\$ 1,752,243	\$ 1,625,729
IDEA Part B, Preschool	84.173	7/1/17-6/30/18	114,297	56,817
State:				
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	4,260,034	4,260,034
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	749,384	749,384
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	503,304	503,304
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	68,020	68,020
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	68,020	68,020
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	67,800	67,800

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Summary of Auditors' Results: (Cont'd)

- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The threshold used for distinguishing between Type A and Type B federal programs was \$750,000.
- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.