



**Montville Township  
Public Schools™**  
*EDUCATE. INSPIRE. EMPOWER.*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2018**

**FOR**

**MONTVILLE TOWNSHIP  
BOARD OF EDUCATION  
Montville, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Montville Township Public Schools**

**Montville, New Jersey**

**For The Fiscal Year Ended June 30, 2018**

**Prepared by**

**Business Office**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7-9
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART I</b>	
Management's Discussion and Analysis	10-14
<b>Basic Financial Statements</b>	
<b>A. District-Wide Financial Statements</b>	
A-1 Statement of Net Position	15
A-2 Statement of Activities	16
<b>B. Fund Financial Statements</b>	
<i>Governmental Funds</i>	
B-1 Balance Sheet	17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	20
B-5 Statement of Revenues, Expenses, and Changes in Net Position	21
B-6 Statement of Cash Flows	22
<i>Fiduciary Funds</i>	
B-7 Statement of Net Position	23
B-8 Statement of Changes in Fiduciary Net Position	24
<b>Notes to the Financial Statements</b>	<b>25-69</b>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

Page

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	70-76
C-2	Budgetary Comparison Schedule – Special Revenue Fund	77
C-3	Notes to the Budgetary Comparison Schedule – Note to Required Supplementary Information	78

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	79
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	80
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	81
L-4	Notes to Required Supplementary Information – Net Pension Liability	82
L-5	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	83
L-6	Notes to Required Supplementary Information – Total OPEB Liability	84

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund – Budgetary Basis	85-86
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	87
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	88
F-2a –		
F-2k	Schedule of Project Revenues, Expenditures, Project Balance and Project Status	89-99

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Combining Statement of Net Position	100
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position	101
G-3	Combining Statement of Cash Flows	102

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

		<u>Page</u>
<b>H.</b>	<b>Fiduciary Funds</b>	
H-1	Combining Statement of Agency Assets and Liabilities	103
H-2	Statement of Changes in Fiduciary Net Position	103
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	104
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	104
<b>I.</b>	<b>Long-Term Debt</b>	
I-1	Schedule of Serial Bonds Payable	105
I-2	Schedule of Obligations under Capital Lease Agreements	106
I-3	Debt Service Fund Budgetary Comparison Schedule	107
<b>J.</b>	<b>STATISTICAL SECTION (Unaudited)</b>	
J-1	Net Position by Component	108
J-2	Changes in Net Position	109-110
J-3	Fund Balances – Governmental Funds	111
J-4	Changes in Fund Balances - Governmental Funds	112
J-5	General Fund Other Local Revenue by Source	113
J-6	Assessed Value and Actual Value of Taxable Property	114
J-7	Direct and Overlapping Property Tax Rates	115
J-8	Principal Property Taxpayers	116
J-9	Property Tax Levies and Collections	117
J-10	Ratios of Outstanding Debt by Type	118
J-11	Ratios of Net General Bonded Debt Outstanding	119
J-12	Direct and Overlapping Governmental Activities Debt	120
J-13	Legal Debt Margin Information	121
J-14	Demographic and Economic Statistics	122
J-15	Principal Employers	123
J-16	Full-Time Equivalent District Employees by Function/Program	124
J-17	Operating Statistics	125
J-18	School Building Information	126
J-19	Schedule of Required Maintenance for School Facilities	127
J-20	Schedule of Insurance	128

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**K. SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	129-130
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	131-133
K-3	Schedule of Expenditures of Federal Awards	134
K-4	Schedule of Expenditures of State Financial Assistance	135-136
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	137-138
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	139-140
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	141
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	142
K-8	Summary Schedule of Prior Year Findings	143

## **INTRODUCTORY SECTION**



**Montville Township  
Public Schools**  
*EDUCATE. INSPIRE. EMPOWER.*

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

Dr. Rene T. Rovtar  
Superintendent of Schools

Katine M. Slunt  
School Business Administrator/  
Board Secretary

January 28, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Montville Township Public Schools for the fiscal year June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests on the management of the Montville Township Public Schools. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

**REPORTING ENTITY AND ITS SERVICES:** Montville Township Public Schools constitutes an independent reporting entity within the criteria adopted by the G.A.S.B. as established by G.A.S.B. Statement No. 14 and G.A.S.B. 34. All funds and account groups of the entity are included in the report. The Montville Township Public Schools now operates a full range of educational services appropriate to grade levels K through 12. The district completed the 2017-2018 fiscal year with an enrollment of 3,699 students, including out-of-district placements, which is 35 students less than that of the previous year. The following details the changes in student enrollment of the last ten years:

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2017-2018	3699	- 1.0%
2016-2017	3734	- 1.0%
2015-2016	3773	- 2.9%
2014-2015	3886	- 2.4%
2013-2014	3980	- 2.2%
2012-2013	4069	- 1.7%
2011-2012	4140	- 1.9%



Fiscal Year	Student Enrollment	Percent Change
2010-2011	4218	- 1.1%
2009-2010	4263	+ 0.8%
2008-2009	4231	- 0.7%

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

Even though enrollment is declining, the demand for educational services and the use of facilities continue to increase. In keeping with these demands, the district has expanded into new educational offerings, particularly to students with special needs. The district also completed a facilities assessment in 2017 in which it identified \$56 million in needed repairs to the district's eight buildings. As the district can only complete a limited number of projects in its annual budget, the Board of Education opted to offer a \$17.6 referendum to the community for vote in September 2017. This referendum passed, which resulted in a new bond issuance in 2018 to fund the proposed repairs. The district has continued to maintain an excellent credit rating; presently, the district is rated AA by Standard & Poor.

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

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

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

Many more of the district's accomplishments and initiatives can be seen at the Montville Township High School. In the 2017-2018 school year, the high school offered 27 Advance Placement (AP) courses in a variety of academic areas. Over 95% of the 2018 graduates attended two or four-year colleges; many were accepted to the highest ranked colleges and universities in the country. In addition to a robust curriculum, Montville Township High School offers students unique learning opportunities. Two such programs are the Science Research Program and the Humanities Research Program. The three-year Science Research Program allows participants to be mentored by a professional research institution. The Humanities Research Program engages students in research of history, literature and the arts, with a focus on creative thinking and leadership development. Beyond academics, the high school offers a multitude of co-curricular and athletic programs, such as Forensics, Chinese Studies, Marching and Symphonic Band, Orchestra and Choirs. The athletic program provides participation in a wide range of sports like Football, Tennis, Swimming and Track to students from Grades 9-12. Overall, the Montville Public School provides options for students at every age level in all seven schools with a comprehensive academic and co-curricular program.

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

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

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

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

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

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


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

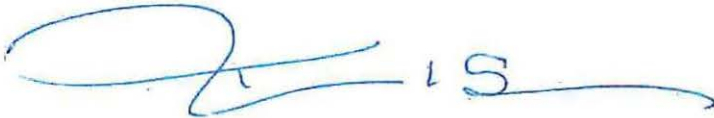
RISK MANAGEMENT: The district is a member of a consortium with several other school districts that provides various coverage's of insurance, including but not limited to general liability, automobile liability and comprehensive/ collision, hazard and theft insurance on property and contents, and fidelity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

OTHER INFORMATION: The State statues require an annual audit by independent certified public accountants or registered municipal accountants to be completed for all school districts. The accounting firm of Lerch, Vinci and Higgins was selected by the Board in 1992 and subsequently has been re-appointed by the Board on an annual basis. In addition to meeting the requirements set forth in state statues, the audit also was designed to meet the requirements of the Single Audit Act and the related uniform guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related to the single audit are included in the single audit section of this report.

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

Respectfully Submitted,

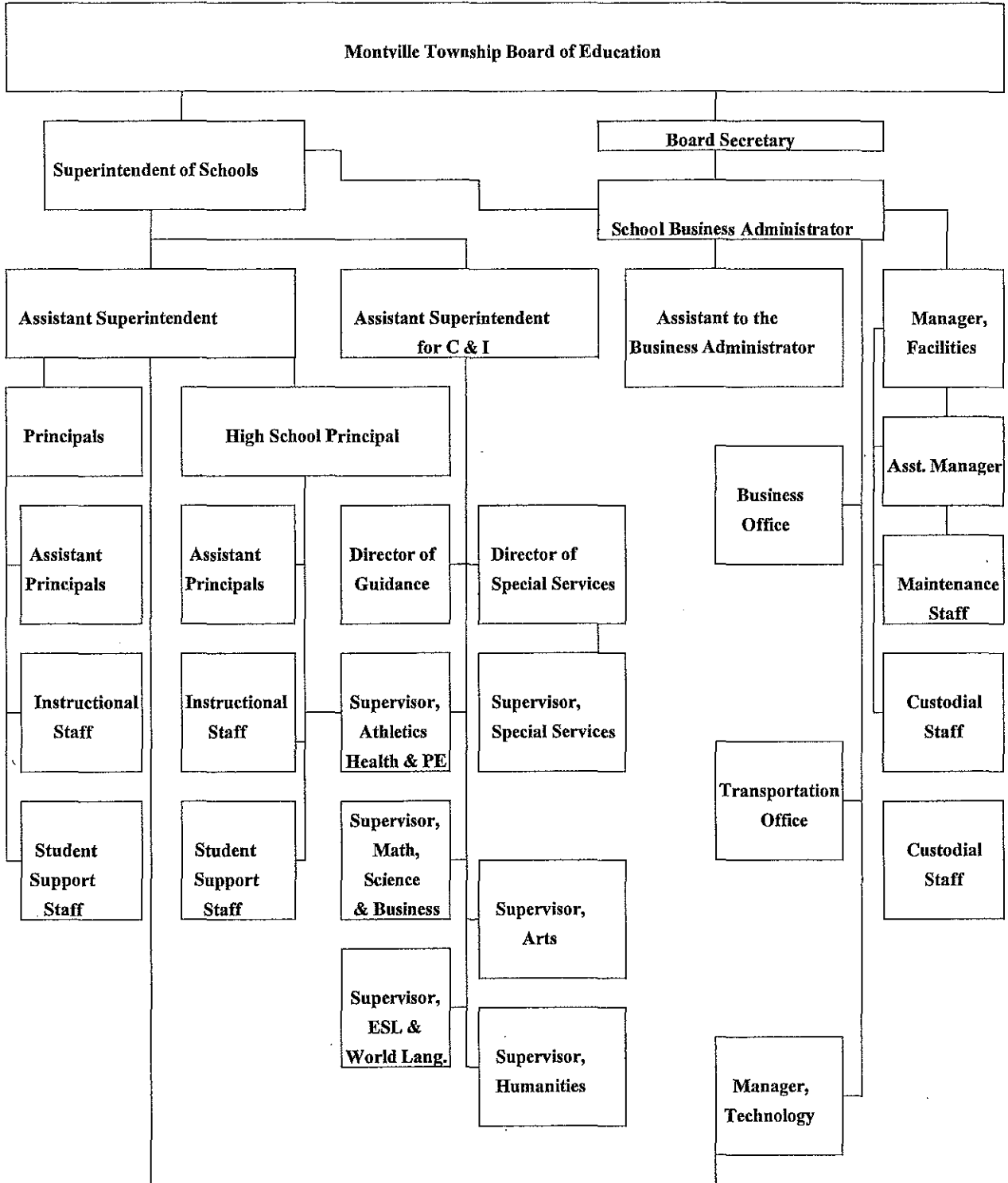
  
Rene T. Rovtar  
Superintendent of Schools  
Montville Township Public Schools



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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**Organizational Chart**

as of June 30, 2018



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
Roster of Officials**

**as of June 30, 2018**

**Members of the Board of Education**

**Term Expires**

Charles Grau	President	2018
Michael Palma	Vice President	2020
Karen Cortellino	Member	2018
Joseph Daughtry	Member	2020
David Modrak	Member	2018
John Morella	Member	2019
Michael O'Brien	Member	2019
Michael Rappaport	Member	2018
Michelle Zuckerman	Member	2020

**Other Officials**

Rene T. Rovtar	Superintendent of Schools
Katine M. Slunt	School Business Administrator/ Board Secretary
Casey Shorter	Assistant Superintendent
Andrea Wooding	Assistant Superintendent for Curriculum and Instruction

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**Consultants and Advisors**

**as of June 30, 2018**

**Audit Firm**

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

**Attorney**

WEINER LAW GROUP, LLP  
629 Parsippany Road  
Parsippany, New Jersey 07054

**Official Depository**

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

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of June 30, 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***

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Montville Township Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is 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, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

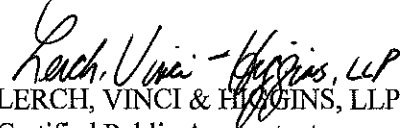



The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2019, on our consideration of the Montville Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Montville Township Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Montville Township Public Schools' internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
January 28, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MONTVILLE TOWNSHIP BOARD OF EDUCATION**  
**Management Discussion and Analysis for the Year Ended June 30, 2018**  
**(Unaudited)**

The intent of the Management's Discussion and Analysis (M.D. & A.) is to provide an overall explanation of the financial activities and summarize the financial performance of the Montville Township School District for the fiscal year ended June 30, 2018. The financial activity of the district is the numerical representation of the educational, social and recreational programs that occur through out the school year. The Management's Discussion and Analysis explains how these programs, and other financial factors, effect the changes noted in the district's annual financial statements.

The Management's Discussion and Analysis is an element of the Comprehensive Annual Financial Report (C.A.F.R.), as required under the Governmental Accounting Standards Board's (G.A.S.B.) Statement No. 34. The Management Discussion and Analysis is used in conjunction with the district's Basic Financial Statements and Notes.

**Overall Explanation of the Financial Statements:**

The Comprehensive Annual Financial Report (C.A.F.R.) presents the financial position of the Montville Township Board of Education as of June 30, 2018. The Basic Financial Statements and Notes contain detailed information on this financial activity. These statements are organized in aggregate, or government-wide, in the Statement of Net Position and Statement of Change in Net Position and view the district's financial activities for the entire operating entity. Assets and liabilities are reported using the accrual basis of accounting; revenues are recorded when earned and expenses when incurred, regardless of when cash is received or paid.

The Statement of Net Position and Statement of Change in Net Position report the district's change in net position, which quantifies whether its financial position has improved or diminished during the fiscal year. This provides a longer-term view of the district's financial health. However, factors that effect this change can include non-financial events, such as changes in facility condition, required educational programs and current laws in the State of New Jersey. This is particularly the case with the adoption of the reporting requirements set forth in G.A.S.B. 68, *Accounting and Financial Reporting for Pensions* and G.A.S.B. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in which the long-term liabilities of the State pension plans are allocated to the local governmental entities. For the district, the liabilities and expenses related to these employee pension and benefit costs are captured on the School's Statement of Net Position and Statement of Change in Net Position, resulting in a negative unrestricted net position when combined with the positive operating position, as noted below.

In the Statement of Net Position and Statement of Change in Net Position, the district's financial activity is divided into two kinds of activity, Governmental and Business Type. Governmental activities contain most of the district's basic programs and services for the education of the student body. The Business Type activities provide services for a fee, similar to a for-profit entity.

Following, the aggregated statements are more detailed statements by fund. Montville Township Board of Education uses many funds to account for a multitude of financial transactions, including Governmental, Propriety and Fiduciary Funds. Fund financial statements provide the next level of detail, presenting significant funds, like the General Fund, with other non-major funds.

The district's Governmental Funds include the General, Special Revenue, Capital Projects and Debt Service Fund. These funds are reported using a modified-accrual accounting basis, in which cash and all other financial assets are recorded when they can readily be converted to cash, with no capital assets included. The governmental fund statements provide a short-term view of the district's general operations, as well as what remains for future spending; they include the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance. The relationship between the *Governmental Funds* and *Governmental Activities* (as reported in the Statement of Net Position and the Statement of Change in Net Position) are reconciled in the financial statements.

The Proprietary Fund contains services that are provided to customers for a charge based on the services provided, such as the food service and after-care programs. The Proprietary Statements include the Statement of Net Position, State of Revenues, Expense and Changes in Net Position and the Statement of Cash Flows. These transactions are reported on an accrual accounting basis, and are the same for the *Proprietary Fund* and the *Business-Type Activities* (as reported in the Statement of Net Position and the Statement of Change in Net Position).

The Fiduciary Fund contains monies that the district does not own, but is holding in trust or as an agent for another agency, such as federal and state tax agencies. The district is responsible to ensure that the assets are disbursed for their intended purpose. These transactions are reported on an accrual accounting basis, and presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These funds are excluded from the Statement of Net Position and the Statement of Change in Net Position, because the district cannot use the funds in its operations.

**MONTVILLE TOWNSHIP BOARD OF EDUCATION**  
**Management Discussion and Analysis for the Year Ended June 30, 2018**  
**(Unaudited)**

Notes to the Financial Statements provide additional information that is essential for the full understanding of the data in the government-wide and fund financial statements.

**Summary of Performance:**

The Montville Township Public Schools provide a full range of educational, co-curricular and athletic services for the students of Montville Township from Kindergarten through Grade 12<sup>th</sup>. The mission of the Montville Township Public Schools strives to develop well-rounded, invested and inspired students by engaging them in an experience of collaboration with educators, parents and community that fosters a culture of innovation, character and inclusivity, in a shared spirit of pride. This mission statement and related core values are the starting point for the district to integrate innovations into its curriculum while providing dynamic experiences in the classrooms that empower its students to learn and succeed. The result of this integration is exemplified in the students' achievements, which are above the state and national averages in academics, co-curriculars and athletics.

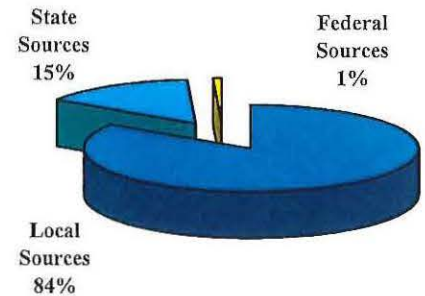
The district's ability to provide these exceptional learning experiences to the students of Montville Township requires strong fiscal management. To that end, the district manages its fiscal spending through the development of an annual budget in accordance with the New Jersey State statutes. This budget guides the district to ensure that annual spending does not exceed the district's resources. As outlined in the State statutes, a tax levy cap of 2% (plus allowable waivers) is applied to the district's resources. Montville Township Board of Education had opted to remain within that 2% tax levy cap in its development of the 2017-2018 School Budget. This cap required the district to constantly improve its operational efficiency. The district evaluated its academic programs, examined its overhead costs and sought the optimum savings in its purchasing procedures (as allowed by State statute). A large portion of the district's budget related to staffing costs, representing 73.4% of its annual expenditures; these costs are controlled by collective bargaining agreements between the Board of Education and the district's employee units.

The constant application of the annual budget is a key factor in the district's sound fiscal management. Therefore, throughout the 2017-2018 school year, the annual budget was compared to the district's actual revenues and expenditures to ensure that actual resources equaled those planned and were expended responsibly as proposed. A summary of the district's actual Revenues and Expenditures for the 2017-2018 school year are noted below under *Viewing the Government Funds*.

**Viewing the Governmental Funds:**

The Governmental Funds provide information on the short-term inflows, outflows and balances of spendable resources that relate to the general operation of the district. As seen in the below schedule, the Governmental Revenues increased by 25.77% over that of the previous year. The increase related to the issuance of debt for \$17,604,000 from the passed referendum in September 2017. This referendum passed 2:1 in favor of renovations to all seven schools, including media center, gymnasium, restroom and H.V.A.C. system renovations. The increase also related to the 2% increase in tax levy, and additional miscellaneous revenue from settlements and interest, accounted for in Local Sources. An increase in State Sources included additional funding from the State for employee and post-retirement benefits. The remaining changes related to a decrease in Federal Sources from a decline in federal grants.

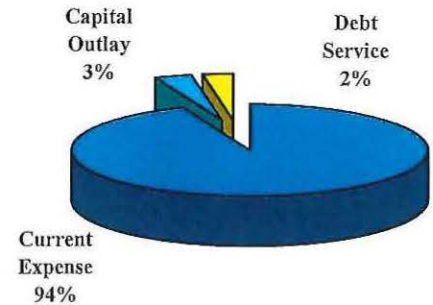
Revenue Source	2018	2017	Variance	Variance
Local Sources	\$ 88,638,521	\$ 69,270,702	\$ 19,367,819	27.96 %
State Sources	15,919,899	13,614,393	2,305,506	16.93 %
Federal Sources	853,725	926,723	(72,998)	(7.88) %
<b>TOTAL</b>	<b>\$ 105,412,145</b>	<b>\$ 83,811,818</b>	<b>\$ 21,600,327</b>	<b>25.77 %</b>



As seen in the below schedule, the Governmental Expenditures increased by 6.80% over that of the previous year. The decrease in Instructional Expenditures related to the district's declining enrollment, requiring fewer teaching staff members; additionally, the district had experienced staff retirements, resulting in breakage savings. The increase in Support Services related additional services for students with special needs; additionally, the change in Instructional and Support Services related to allocation changes between cost centers. The increase in Capital Outlay included construction in four buildings; media centers, gymnasiums, restrooms and H.V.A.C. systems were under renovation in accordance with the referendum. Finally, changes in the Principal and Interest related to annual debt and lease payments made in accordance with the debt agreements.

**MONTVILLE TOWNSHIP BOARD OF EDUCATION**  
**Management Discussion and Analysis for the Year Ended June 30, 2018**  
**(Unaudited)**

Expenditure Use	2018	2017	Variance	Variance
<b>Current Expense:</b>				
Instructional	\$ 54,327,360	\$ 53,970,537	\$ 356,823	0.66 %
Support Services	30,999,356	28,461,748	2,537,608	8.92 %
<b>Capital Outlay</b>	3,124,210	354,701	2,769,509	780.80 %
<b>Debt Service:</b>				
Principal	2,760,055	2,521,931	238,124	9.44 %
Interest & Other	379,263	449,816	(70,553)	(15.69) %
<b>TOTAL</b>	<b>\$ 91,590,244</b>	<b>\$ 85,758,733</b>	<b>\$ 5,835,050</b>	<b>6.80 %</b>



**Viewing the District as a Whole:**

The net outcome of the Government Funds resulted in a positive net change in fund balance of \$14,166,201, which related to the net proceeds from the referendum; however this positive position also exhibited better financial outcomes than those originally proposed in the 2017-2018 School Budget, which exemplified the district's strong fiscal management during the 2017-2018 year. These Governmental Funds are adjusted for assets, deferred inflows/outflows of resources, and liabilities in order to conform to the accrual basis of accounting and become Governmental Activities in the year-end financial statements. Combined with the Business-Type Activities, they are presented in the Statement of Net Position and represent the financial position for the district as a whole.

Summary of Net Position	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Current & Other Assets	\$ 20,845,320	\$ 6,981,381	\$ (7,110)	\$ 76,737
Capital Assets, net	32,046,784	35,777,880	78,255	104,257
<b>Total Assets</b>	<b>\$ 52,892,104</b>	<b>\$ 42,759,261</b>	<b>\$ 71,145</b>	<b>\$ 180,994</b>
Deferred Outflows of Resources	\$ 5,145,145	\$ 7,552,371	\$ 0	\$ 0
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 58,037,249</b>	<b>\$ 50,311,632</b>	<b>\$ 71,145</b>	<b>\$ 180,994</b>
Long-Term Liabilities	\$ 43,289,956	\$ 33,278,823	\$ 0	\$ 0
Other Liabilities	953,425	1,091,484	18,371	113,466
<b>Total Liabilities</b>	<b>\$ 44,243,381</b>	<b>\$ 34,370,307</b>	<b>\$ 18,371</b>	<b>\$ 113,466</b>
Deferred Inflows of Resources	\$3,653,407	\$ 0	\$ 0	\$ 0
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 47,896,788</b>	<b>\$ 34,370,307</b>	<b>\$ 18,371</b>	<b>\$ 113,466</b>
Net Investment in Capital Assets	\$ 21,739,659	\$ 25,839,990	\$ 78,255	\$ 104,257
Restricted Balances	2,610,555	3,013,172	0	0
Operating Unrestricted (deficit)	(14,209,753)	(12,911,837)	(25,481)	(36,729)
<b>Total Net Position</b>	<b>\$ 10,140,461</b>	<b>\$ 15,941,325</b>	<b>\$ 52,774</b>	<b>\$ 67,528</b>

**MONTVILLE TOWNSHIP BOARD OF EDUCATION**  
**Management Discussion and Analysis for the Year Ended June 30, 2018**  
**(Unaudited)**

As mentioned above, many factors adjusted the Governmental Funds to present them as Governmental Activities on the Statement of New Position, such as the recording of capital assets and their related long-term debt. However, the most impactful factor related to the deferred outflows and liabilities for the implementation of G.A.S.B. 68, *Accounting and Financial Reporting for Pensions* and G.A.S.B. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in which the long-term liabilities of the State pension plans are allocated to the district. Although out of the control of the district's fiscal management, the recording of these outflows and liabilities, without the related assets, resulted in a negative Net Operating Position for the district, as seen above in the Governmental Activities for the 2017 and 2018 year-end. When comparing the two years, the district's improved operating position, seen in the Governmental Funds, was overshadowed by the increase in the State allocated pension and other benefit liabilities, resulting in decline in Net Position of 6.65% under that of the previous year. The Business-Type Activities included the district's food service and after-care programs. The after-care program had a difficult year due to a large increase in costs related to State compliance changes; however, the food service program had a strong year, resulting in an improvement in Net Operating Position of 48.59%. In 2018, the district performed an asset re-assessment that lowered the value of the capital assets for the Business-Type Activities. This re-assessment resulted in a reduction of 21.85% in overall Net Position for Business-Type Activities under that of the previous year.

The Statement of Changes in Net Position also reflected similar changes from the previous year. For the Governmental Activities, the district's Change in Net Position improved over that from the previous year, as result of the operating improvements of the Governmental Funds discussed above. However, the difficult year for the after-care program was reflected in the decline in the Change in Net Position for the Business-Type Activities from that of the previous year.

Summary of Change in Net Position	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
<b>REVENUES</b>				
Program Revenues:				
Charges for Service	\$ 463,902	\$ 415,478	\$ 1,717,142	\$ 1,686,644
Grants and Contributions	33,233,132	29,796,550	0	0
General Revenues:				
Property Taxes	69,857,796	68,592,541	0	0
Grants and Entitlements	251,579	244,503	0	0
Other General Revenues	620,869	174,477	45,988	47,888
<b>Total Revenues</b>	<u>\$ 104,427,278</u>	<u>\$ 99,223,549</u>	<u>\$ 1,763,130</u>	<u>\$ 1,734,532</u>
<b>EXPENSES</b>				
Instruction	\$ 68,405,802	\$ 67,268,064	\$ 0	\$ 0
Support Services:				
Pupil and Instructional Services	16,768,864	15,521,847	0	0
Administration, Operations & Maintenance	15,270,284	14,679,620	0	0
Pupil Transportation	4,221,021	4,068,580	0	0
Interest on Debt	483,432	359,849	0	0
Business-Type Activities	0	0	1,745,873	1,661,820
<b>Total Expenses</b>	<u>\$ 105,149,403</u>	<u>\$ 101,897,960</u>	<u>\$ 1,745,873</u>	<u>\$ 1,661,820</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ (722,125)</u>	<u>\$ (2,674,411)</u>	<u>\$ 17,257</u>	<u>\$ 72,712</u>

**MONTVILLE TOWNSHIP BOARD OF EDUCATION**  
**Management Discussion and Analysis for the Year Ended June 30, 2018**  
**(Unaudited)**

**Viewing Capital Assets at Year-End:**

Capital Assets were included in the Statement of Net Position as net values for the Governmental and Business-Type Activities. These balances include are sites, buildings, capital improvements and equipment that are greater than \$2,000. As mentioned above, the district performed a re-assessment of its capital assets in 2018, which is done every ten years. The result was a reduction in net capital assets of \$5,150,985. As of June 30, 2018, the district had \$69,817,152 in capital assets, with \$37,692,113 of accumulated depreciation.

Summary of Capital Assets	Governmental Activities		Business-Type Activities	
	2018	2017 (Restated)	2018	2017 (Restated)
Sites & Site Improvements, net	\$ 3,838,645	\$ 3,964,582	\$ 0	\$ 0
Construction in Progress	2,499,395	0	0	0
Buildings & Building Improvements, net	24,604,189	25,631,252	0	0
Machinery & Equipment, net	1,104,555	1,103,307	78,255	72,246
<b>Capital Assets, net</b>	<b>\$ 32,046,784</b>	<b>\$ 20,699,141</b>	<b>\$ 78,255</b>	<b>\$ 72,246</b>

**Viewing of Debt Administration:**

Long-Term Debt was included in the Statement of Net Position for the Governmental Activities. These balances include compensated absences (\$764,823), outstanding capital leases (\$1,355,850), net pension liabilities (\$15,651,046) and outstanding serial bonds for the district's construction projects (\$25,064,000). For the serial bonds, the related issuance is noted below:

Summary of Outstanding Bonded Debt	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
2004 Refunding Bonds	\$ 835,000	\$ 1,680,000	\$ 0	\$ 0
2008 Refunding Bonds	2,630,000	3,255,000	0	0
2016 Refunding Bonds	3,995,000	4,635,000	0	0
2018 Bond Issuance	17,604,000	0	0	0
Plus: Unamortized Premium on Refunding Bonds	454,237	560,683	0	0
<b>Outstanding Bonded Debt</b>	<b>\$ 25,518,237</b>	<b>\$ 10,130,683</b>	<b>\$ 0</b>	<b>\$ 0</b>

**Viewing Future Events:**

The district continues to experience declining student enrollments, a trend forecasted to continue for 5-8 more years. Although addressed by the district, this enrollment decline has not affected the stability of its economic position, and the district continues to maintain healthy fund balances. This stability is largely due to the support of the community; however, possible flat state funding in the future will increase the district's reliance on local taxes and its need to seek alternate funding sources. In response to these challenges, the district continues to review its educational programs to provide the same high quality at lower cost. The Montville Township Board of Education is committed to financial excellence and efficiency; it will continue its financial planning, budgeting and strong internal controls to meet these standards and its future challenges.

**Contract the District's Fiscal Management:**

The Montville Township Board of Education welcomes inquiries on these financial reports or needs for additional information. Questions should be directed to the district's School Business Administrator, located at 86 River Road, Montville, New Jersey 07045.

**BASIC FINANCIAL STATEMENTS**



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 20,255,718	\$ 134,606	\$ 20,390,324
Receivables, net			
Receivables from Other Governments	360,993		360,993
Accounts	76,881	5,698	82,579
Inventories		4,314	4,314
Internal Balances	151,728	(151,728)	
Capital Assets			
Not Being Depreciated	2,499,395		2,499,395
Being Depreciated, Net	29,547,389	78,255	29,625,644
Total Assets	<u>52,892,104</u>	<u>71,145</u>	<u>52,963,249</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	5,038,638		5,038,638
Deferred Amount on Refunding of Debt	106,507	-	106,507
Total Deferred Outflows of Resources	<u>5,145,145</u>	<u>-</u>	<u>5,145,145</u>
Total Assets and Deferred Outflows of Resources	<u>58,037,249</u>	<u>71,145</u>	<u>58,108,394</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	374,967	18,371	393,338
Payable to Other Governments	20,377		20,377
Unearned Revenue	223,978		223,978
Accrued Interest Payable	334,103		334,103
Noncurrent Liabilities			
Due Within One Year	2,809,182		2,809,182
Due Beyond One Year	40,480,774		40,480,774
Total Liabilities	<u>44,243,381</u>	<u>18,371</u>	<u>44,261,752</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	3,653,407	-	3,653,407
Total Deferred Inflows of Resources	<u>3,653,407</u>	<u>-</u>	<u>3,653,407</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,896,788</u>	<u>18,371</u>	<u>47,915,159</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,739,659	78,255	21,817,914
Restricted for:			
Capital Projects	2,510,555		2,510,555
Other Purposes	100,000		100,000
Unrestricted	(14,209,753)	(25,481)	(14,235,234)
Total Net Position	<u>\$ 10,140,461</u>	<u>\$ 52,774</u>	<u>\$ 10,193,235</u>

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

MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
Instruction							
Regular	\$ 43,390,907	\$ 175,812	\$ 12,747,740		\$ (30,467,355)		\$ (30,467,355)
Special Education	19,662,193		10,263,146		(9,399,047)		(9,399,047)
Other Instruction	2,519,440		811,638		(1,707,802)		(1,707,802)
School Sponsored Activities and Athletics	2,833,262		786,500		(2,046,762)		(2,046,762)
Support Services							
Student and Instruction Related Svcs.	16,768,864		5,182,025		(11,586,839)		(11,586,839)
General Administrative Services	3,189,588		455,277		(2,734,311)		(2,734,311)
School Administrative Services	4,272,481		1,349,076		(2,923,405)		(2,923,405)
Plant Operations and Maintenance	5,767,715		641,643	\$ 2,297	(5,123,775)		(5,123,775)
Pupil Transportation	4,221,021	288,090	354,320		(3,578,611)		(3,578,611)
Business Services	2,040,500		616,838		(1,423,662)		(1,423,662)
Interest on Long-Term debt	483,432		22,632		(460,800)		(460,800)
Total Governmental Activities	<u>105,149,403</u>	<u>463,902</u>	<u>33,230,835</u>	<u>2,297</u>	<u>(71,452,369)</u>	<u>-</u>	<u>(71,452,369)</u>
Business-Type Activities							
Food Service	963,185	955,064				\$ (8,121)	(8,121)
Extended Day Learning Center	782,688	762,078				(20,610)	(20,610)
Total Business-Type Activities	<u>1,745,873</u>	<u>1,717,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,731)</u>	<u>(28,731)</u>
Total Primary Government	<u>\$106,895,276</u>	<u>\$ 2,181,044</u>	<u>\$ 33,230,835</u>	<u>\$ 2,297</u>	<u>(71,452,369)</u>	<u>(28,731)</u>	<u>(71,481,100)</u>
General Revenues:							
Property Taxes, Levied for General Purposes, Net					67,536,323		67,536,323
Taxes Levied for Debt Service					2,321,473		2,321,473
State Aid - Unrestricted					120,729		120,729
State Aid - Restricted for Debt Service					130,850		130,850
Investment Earnings					198,628	988	199,616
Miscellaneous Income					467,241		467,241
Transfers					(45,000)	45,000	-
Total General Revenues and Transfers					<u>70,730,244</u>	<u>45,988</u>	<u>70,776,232</u>
Change in Net Position					(722,125)	17,257	(704,868)
Net Position, Beginning of Year (Restated)					<u>10,862,586</u>	<u>35,517</u>	<u>10,898,103</u>
Net Position, End of Year					<u>\$ 10,140,461</u>	<u>\$ 52,774</u>	<u>\$ 10,193,235</u>

**FUND FINANCIAL STATEMENTS**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,937,475		\$ 15,245,929	\$ 72,314	\$ 20,255,718
Receivables					
Due From Other Funds	336,575			123,374	459,949
Intergovernmental	183,275	\$ 177,718	-	-	360,993
Other	20,031	1,039			21,070
	<u>20,031</u>	<u>1,039</u>			<u>21,070</u>
Total Assets	<u>\$ 5,477,356</u>	<u>\$ 178,757</u>	<u>\$ 15,245,929</u>	<u>\$ 195,688</u>	<u>\$ 21,097,730</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 347,551	\$ 20,021	\$ 7,395		\$ 374,967
Due To Other Funds		118,481	133,929		252,410
Payable to Other Governments		20,377			20,377
Unearned Revenue	204,100	19,878			223,978
	<u>204,100</u>	<u>19,878</u>			<u>223,978</u>
Total Liabilities	<u>551,651</u>	<u>178,757</u>	<u>141,324</u>	<u>-</u>	<u>871,732</u>
Fund Balances					
Restricted					
Capital Reserve	2,510,555				2,510,555
Maintenance Reserve	100,000				100,000
Excess Surplus- Designated for Subsequent Year's Budget	1,000,000				1,000,000
Capital Projects			15,104,605		15,104,605
Debt Service				\$ 195,688	195,688
Assigned					
Encumbrances	614,201				614,201
Designated for Subsequent Year's Budget	1,197,500				1,197,500
Unassigned	(496,551)	-	-	-	(496,551)
	<u>(496,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(496,551)</u>
Total Fund Balances	<u>4,925,705</u>	<u>-</u>	<u>15,104,605</u>	<u>195,688</u>	<u>20,225,998</u>
Total Liabilities and Fund Balances	<u>\$ 5,477,356</u>	<u>\$ 178,757</u>	<u>\$ 15,245,929</u>	<u>\$ 195,688</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$69,506,428 and the accumulated depreciation is \$37,459,644. 32,046,784

Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2) 1,491,738

The District has financed capital assets through the issuance of general obligation bonds. The accrued interest at year end is: (334,103)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2). (43,289,956)

Net Position of Governmental Activities (Exhibit A-1) \$ 10,140,461

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 67,536,323			\$ 2,321,473	\$ 69,857,796
Tuition	175,812				175,812
Transportation	288,090				288,090
Interest	115,128		\$ 83,500		198,628
Miscellaneous	463,932	\$ 46,954	-	3,309	514,195
Total - Local Sources	68,579,285	46,954	83,500	2,324,782	71,034,521
State Sources	15,652,979	111,141	2,297	153,482	15,919,899
Federal Sources	5,111	848,614	-	-	853,725
Total Revenues	84,237,375	1,006,709	85,797	2,478,264	87,808,145
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	33,452,185	190,941			33,643,126
Special Education Instruction	15,683,132	683,997			16,367,129
Other Instruction	1,998,475				1,998,475
School Sponsored Activities and Athletics	2,318,630				2,318,630
Support Services and Undistributed Costs					
Student and Instruction Related Services	13,401,507	109,278			13,510,785
General Administrative Services	2,897,352				2,897,352
School Administrative Services	3,405,623				3,405,623
Plant Operations and Maintenance	5,333,079	22,493			5,355,572
Pupil Transportation	4,198,619				4,198,619
Business/Central Services	1,631,405				1,631,405
Debt Service					
Principal	650,055			2,110,000	2,760,055
Interest and Other Charges	14,307			364,956	379,263
Capital Outlay	624,815	-	2,499,395	-	3,124,210
Total Expenditures	85,609,184	1,006,709	2,499,395	2,474,956	91,590,244
Excess (Deficiency) of Revenues Over Expenditures	(1,371,809)	-	(2,413,598)	3,308	(3,782,099)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds			17,604,000		17,604,000
Original Issue Premium			968		968
Capital Lease Proceeds	388,332				388,332
Transfers In	10,554			123,374	133,928
Transfers Out	(45,000)		(133,928)		(178,928)
Total Other Financing Sources and Uses	353,886	-	17,471,040	123,374	17,948,300
Net Change in Fund Balances	(1,017,923)	-	15,057,442	126,682	14,166,201
Fund Balance, Beginning of Year	5,943,628	-	47,163	69,006	6,059,797
Fund Balance, End of Year	\$ 4,925,705	\$ -	\$ 15,104,605	\$ 195,688	\$ 20,225,998

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 14,166,201**

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

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

Depreciation Expense	\$ (1,776,567)	
Capital Outlay - Additions	<u>3,124,210</u>	
		1,347,643

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

Debt Issued		
Serial Bonds	(17,604,000)	
Original Issue Premium	(968)	
Capital Lease	(388,332)	
Principal Repayments		
Serial Bonds	2,110,000	
Capital Lease	<u>650,055</u>	
		(15,233,245)

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

Increase in Accrued Interest	(164,203)	
Increase in Net Pension Liability	(900,969)	
Amortization of Original Issue Premium	107,414	
Amortization of Deferred Amount on Refunding	(47,380)	
Net Decrease in Compensated Absences	<u>2,414</u>	
		<u>(1,002,724)</u>

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ (722,125)**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

	<u>Business- Type Activities Enterprise Funds Non - Major</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 134,606
Receivables	
Other	5,698
Inventory	<u>4,314</u>
Total Current Assets	<u>144,618</u>
Capital Assets	
Furniture, Machinery and Equipment	310,724
Less: Accumulated Depreciation	<u>(232,469)</u>
Total Capital Assets, Net	<u>78,255</u>
Total Assets	<u>222,873</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	18,371
Due to Other Funds	<u>151,728</u>
Total Current Liabilities	<u>170,099</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	78,255
Unrestricted	<u>(25,481)</u>
Total Net Position	<u><u>\$ 52,774</u></u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities Enterprise Fund Non-Major</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 886,027
Special Functions	69,037
Program Fees	<u>762,078</u>
 Total Operating Revenues	 <u>1,717,142</u>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	1,090,185
Management Fee	55,698
Other Purchased Services	12,792
Supplies and Materials	55,948
Utilities	50,000
Miscellaneous	5,995
Cost of Sales	466,101
Depreciation	<u>9,154</u>
 Total Operating Expenses	 <u>1,745,873</u>
Operating (Loss)	<u>(28,731)</u>
<b>NONOPERATING REVENUES</b>	
Interest Income	<u>988</u>
 Total Nonoperating Revenues	 <u>988</u>
(Loss) Before Transfers	(27,743)
Transfer in	<u>45,000</u>
Change in Net Position	17,257
Net Position, Beginning of Year (Restated)	<u>35,517</u>
Net Position, End of Year	<u>\$ 52,774</u>

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities Enterprise Funds Non-Major</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 1,644,189
Cash Payments for Employees Salaries and Benefits	(1,090,185)
Cash Payments to Suppliers for Goods and Services	<u>(661,168)</u>
Net Cash (Used for) Operating Activities	<u>(107,164)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Cash Payments to Other Funds	<u>(300,451)</u>
Net Cash (Used for) Non-Capital Financing Activities	<u>(300,451)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	<u>(15,163)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(15,163)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	<u>988</u>
Net Cash Provided By Investing Activities	<u>988</u>
Net Change in Cash and Cash Equivalents	(421,790)
Cash and Cash Equivalents, Beginning of Year	<u>556,396</u>
Cash and Cash Equivalents, End of Year	<u>\$ 134,606</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash (Used for)</b>	
<b>Operating Activities:</b>	
Operating (Loss)	<u>\$ (28,731)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities	
Depreciation	9,154
Change in Assets and Liabilities	
(Increase) / Decrease in Accounts Receivable	4,607
Increase / (Decrease) in Accounts Payable	(15,560)
Increase/(Decrease) in Other Current Liabilities	(1,975)
Increase / (Decrease) in Unearned Revenue	(77,560)
(Increase) / Decrease in Inventory	<u>2,901</u>
Total Adjustments	<u>(78,433)</u>
Net Cash (Used for) Operating Activities	<u>\$ (107,164)</u>

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2018**

	<u>Private Purpose Trust Funds</u>	<u>Escrow Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,533	\$ 86,291	\$ 384,161	\$ 1,701,186
Due from Other Funds			87,094	
	<u>14,533</u>	<u>86,291</u>	<u>471,255</u>	<u>\$ 1,701,186</u>
Total Assets				
<b>LIABILITIES</b>				
Due to Student Groups				\$ 271,207
Due to Other Funds				142,905
Accounts Payable		2,176		
Intergovernmental Accounts Payable			36,751	
Accrued Salaries and Wages				1,197
Summer Savings				1,259,247
Reserve for Flex Spending				21,978
Reserve for Cobra				3,979
Payroll Deductions and Withholdings Payable				673
	<u>-</u>	<u>2,176</u>	<u>36,751</u>	<u>\$ 1,701,186</u>
Total Liabilities				
<b>NET POSITION</b>				
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 14,533</u>	<u>\$ 84,115</u>	<u>\$ 434,504</u>	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Funds</u>	<u>Escrow Fund</u>	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS</b>			
Interest Earnings	\$ 19	\$ 870	\$ 3,965
Donations	4,312		
Board Contributions		10,000	
Employee Deductions		-	69,925
Total Additions	<u>4,331</u>	<u>10,870</u>	<u>73,890</u>
<b>DEDUCTIONS</b>			
Scholarships Awarded	1,000		
Unemployment Claims and Contributions			50,949
Miscellaneous	900	6,462	-
Total Deductions	<u>1,900</u>	<u>6,462</u>	<u>50,949</u>
Change in Net Position	2,431	4,408	22,941
Net Position, Beginning of Year	<u>12,102</u>	<u>79,706</u>	<u>411,563</u>
Net Position, End of Year	<u>\$ 14,533</u>	<u>\$ 84,114</u>	<u>\$ 434,504</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for the administrative offices, state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. *Capital Assets***

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

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

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

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

**5. *Deferred Outflows/Inflows of Resources***

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**5. *Deferred Outflows/Inflows of Resources (Continued)***

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

**6. *Compensated Absences***

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

**7. *Pensions***

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

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

**8. *Long-Term Obligations***

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***8. Long-Term Obligations (Continued)***

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

***9. Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

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

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

*Excess Surplus – Designated for Subsequent Year's Budget* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

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

*Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

***10. Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***10. Fund Balance Policies (Continued)***

Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

***3. Tuition Revenues and Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

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

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

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

Bonds Payable	\$ 25,064,000
Add: Issuance Premium (to be amortized over life of debt)	454,237
Capital Leases Payable	1,355,850
Compensated Absences	764,823
Net Pension Liability	<u>15,651,046</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ 43,289,956</u>

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

Deferred Outflows of Resources	
Deferred Amount on Net Pension Liability	\$ 5,038,638
Deferred Amount on Refunding (to be amortized as interest expense)	106,507
Deferred Inflows of Resources	
Deferred Amount on Net Pension Liability	<u>(3,653,407)</u>
	<u>\$ 1,491,738</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,316,156. The increase was funded by additional state aid appropriated, the appropriation of prior year extraordinary aid, additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Deficit Fund Equity**

The Food Service Enterprise Fund has a cumulative deficit in unrestricted net position of \$55,930 as of June 30, 2018. The District expects to eliminate this deficit through normal operations.

The District has an unassigned fund deficit of \$496,551 in the General Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2017/2018 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District's deficit in the GAAP (fund) financial statements of \$496,551 in the General Fund is less than the delayed state aid payments.

**C. Capital Reserve**

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 2,892,172
Increased by		
Interest Earned	\$ 1,500	
Unexpended Balances Returned from Capital Projects Fund	10,554	
Unexpended Budgeted Withdrawal	5,787	
Deposits Approved by Board Resolution	<u>70,542</u>	
		<u>88,383</u>
		2,980,555
Withdrawals		
Approved in District Budget		<u>(470,000)</u>
Balance, June 30, 2018		<u>\$ 2,510,555</u>

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

**D. Maintenance Reserve**

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 121,000
Increased by:		
Interest Earned	\$ 1,000	
Unexpended Budgeted Withdrawal	1,485	
Deposit by Board Resolution	<u>46,515</u>	
		<u>49,000</u>
		170,000
Withdrawals		
Approved in District Budget		<u>(70,000)</u>
Balance, June 30, 2018		<u>\$ 100,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$ \_\_\_\_\_. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**E. Calculation of Excess Surplus**

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$22,576,495 and bank and brokerage firm balances of the Board's deposits amounted to \$26,313,452. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>26,313,452</u>
---------	----------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board's bank balances were not exposed to custodial credit risk since all deposits were considered insured by FDIC, SIPC or GUDPA.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 "Local Authorities Fiscal Control Law," (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2018 for the district's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>MEDLC</u>	<u>Total</u>
Receivables:				
Accounts	\$ 20,031	\$ 1,039	\$ 5,698	\$ 26,768
Intergovernmental				
Federal		177,718		177,718
State	183,275	-	-	183,275
Gross Receivables	<u>203,306</u>	<u>178,757</u>	<u>5,698</u>	<u>387,761</u>
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 203,306</u>	<u>\$ 178,757</u>	<u>\$ 5,698</u>	<u>\$ 387,761</u>

**C. Unearned Revenue**

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

General Fund	
Prepayment of Subscription Busing Fees	\$ 202,250
Prepayment of Tuition Fees	1,850
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>19,878</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 223,978</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, July 1, 2017 <u>(Restated)</u>	Increases	Adjustments/ Decreases	Balance, June 30, 2018
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	-	\$ 2,499,395	-	\$ 2,499,395
Total Capital Assets, Not Being Depreciated	-	2,499,395	-	2,499,395
Capital Assets, Being Depreciated:				
Buildings	\$ 54,709,022	377,889		55,086,911
Improvements Other Than Buildings	7,858,291	93,015		7,951,306
Machinery and Equipment	3,814,905	153,911	-	3,968,816
Total Capital Assets Being Depreciated	66,382,218	624,815	-	67,007,033
Less Accumulated Depreciation for:				
Buildings	(29,077,770)	(1,404,952)		(30,482,722)
Improvements Other Than Buildings	(3,893,709)	(218,952)		(4,112,661)
Machinery and Equipment	(2,711,598)	(152,663)	-	(2,864,261)
Total Accumulated Depreciation	(35,683,077)	(1,776,567)	-	(37,459,644)
Total Capital Assets, Being Depreciated, Net	30,699,141	(1,151,752)	-	29,547,389
Governmental Activities Capital Assets, Net	\$ 30,699,141	\$ 1,347,643	\$ -	\$ 32,046,784
	Balance, July 1, 2017 <u>(Restated)</u>	Increases	Decreases	Balance, June 30, 2018
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 295,561	\$ 15,163	-	\$ 310,724
Total Capital Assets Being Depreciated	295,561	15,163	-	310,724
Less Accumulated Depreciation for:				
Machinery and Equipment	(223,315)	(9,154)	-	(232,469)
Total Accumulated Depreciation	(223,315)	(9,154)	-	(232,469)
Total Capital Assets, Being Depreciated, Net	72,246	6,009	-	78,255
Business-Type Activities Capital Assets, Net	\$ 72,246	\$ 6,009	\$ -	\$ 78,255

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 1,690,431
School Sponsored Co-Curricular Activities	<u>9,806</u>
Total Instruction	<u>1,700,237</u>

Support Services	
Student and Instruction Related	2,057
School Administration	928
Operations and Maintenance of Plant	60,174
Business/Central Services	<u>13,171</u>
Total Support Services	<u>76,330</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,776,567</u>
--	---------------------

**Business-Type Activities:**

Food Service Fund	<u>\$ 9,154</u>
-------------------	-----------------

Total Depreciation Expense-Business-Type Activities	<u>\$ 9,154</u>
---	-----------------

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Partial Roof Replacement - William Mason, Lazar, High School	\$ 821,566
Restroom Renovations - Phase I Cedar Hill, William Mason, Lazar	596,961
High School Air Conditioning Upgrade	1,630,731
Gym Renovations - Phase I - Cedar Hill, William Mason, Lazar, High School	1,150,500
Media Center Renovations - Phase I	294,331
High School Restroom Renovations	672,940

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2018, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 118,481
General Fund	Capital Projects Fund	10,555
General Fund	Agency Fund	55,811
General Fund	Food Service Fund	76,728
General Fund	MEDLC Fund	75,000
Debt Service Fund	Capital Projects Fund	123,374
Unemployment Trust Fund	Agency Fund	87,094
		<u>\$ 547,043</u>

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

The District expects all interfund balances to be liquidated within one year.



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	Transfer In:			<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Food Service</u>	
<u>Transfer Out:</u>				
General Fund			\$ 45,000	\$ 45,000
Capital Projects Fund	\$ 10,554	\$ 123,374	-	133,928
 Total Transfers Out	<u>\$ 10,554</u>	<u>\$ 123,374</u>	<u>\$ 45,000</u>	<u>\$ 178,928</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**F. Leases**

**Capital Leases**

The District is leasing computers totaling \$2,350,466 under capital leases. The leases are for terms of 3 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 647,079
2020	647,079
2021	<u>101,346</u>
Total minimum lease payments	1,395,504
Less: amount representing interest	<u>(39,654)</u>
 Present value of minimum lease payments	 <u>\$ 1,355,850</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$10,755,000, 2004 Refunding Bonds, due in an annual installment of \$835,000 on July 15, 2018, interest at 5.00%	\$ 835,000
\$7,230,000, 2008 Refunding Bonds, due in annual installments of \$620,000 to \$670,000 through August 1, 2021, interest at 4.375% to 5%	2,630,000
\$5,200,000, 2016 Refunding Bonds, due in annual installments of \$725,000 to \$850,000 through February 1, 2023, interest at 3% to 4%	3,995,000
\$17,604,000, 2018 Bonds, due in annual installments of \$500,000 to \$1,000,000 through February 1, 2038, interest at 2% to 3.25%	<u>17,604,000</u>
Total	<u>\$25,064,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 2,180,000	\$ 780,226	\$ 2,960,226
2020	2,339,000	724,280	3,063,280
2021	1,975,000	650,906	2,625,906
2022	2,070,000	573,556	2,643,556
2023	1,500,000	508,400	2,008,400
2024-2028	5,000,000	1,975,000	6,975,000
2029-2033	5,000,000	1,225,000	6,225,000
2034-2038	<u>5,000,000</u>	<u>471,250</u>	<u>5,471,250</u>
	<u>\$ 25,064,000</u>	<u>\$ 6,908,618</u>	<u>\$ 31,972,618</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 198,785,373
Less: Net Debt	<u>(25,065,887)</u>
Remaining Borrowing Power	<u>\$ 173,719,486</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 9,570,000	\$ 17,604,000	\$ 2,110,000	\$ 25,064,000	\$ 2,180,000
Add: Premium	<u>560,683</u>	<u>968</u>	<u>107,414</u>	<u>454,237</u>	<u>-</u>
Total Bonds Payable	10,130,683	17,604,968	2,217,414	25,518,237	2,180,000
Capital Leases	1,617,573	388,332	650,055	1,355,850	629,182
Net Pension Liability	20,763,330		5,112,284	15,651,046	
Compensated Absences	<u>767,237</u>	<u>-</u>	<u>2,414</u>	<u>764,823</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 33,278,823</u>	<u>\$ 17,993,300</u>	<u>\$ 7,982,167</u>	<u>\$ 43,289,956</u>	<u>\$ 2,809,182</u>

For the governmental activities, the liability for compensated absences is generally liquidated by the general fund.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

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

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

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Employer</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	NONE	\$ 69,925	\$ 50,949	\$ 434,504
2017	NONE	69,221	79,542	411,563
2016	NONE	66,452	91,741	419,854

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Pending Litigation** – On January 21, 2019, the District engaged in mediation sessions with respect to a lawsuit in which the District is a defendant. At that time, the plaintiffs have agreed to accept a payment of \$1.25 million from the District to resolve the litigation. As of the date of this report, the Board has not yet taken any formal action with regard to same. The District's insurance carrier has disclaimed coverage with respect to this matter. However, the District has filed suit against the insurance carrier, and such matter is currently pending in Superior Court.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

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

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

The following represent 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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

**Other Pension Funds**

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

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

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

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 622,853	\$ 4,957,645	\$ 20,695
2017	622,810	3,674,030	18,500
2016	580,784	2,591,710	23,758

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$17,678 and \$7,699, respectively for PERS and the State contributed \$7,407 and \$8,552 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,534,512 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$15,651,046 for its proportionate share of the PERS 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 that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .06723 percent, which was a decrease of .00287 percent from its proportionate share measured as of June 30, 2016 of .07010 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,523,822 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 368,528	
Changes of Assumptions	3,153,146	\$ 3,141,586
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	106,573	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>1,410,391</u>	<u>511,821</u>
Total	<u>\$ 5,038,638</u>	<u>\$ 3,653,407</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending June 30,	<u>Total</u>
2019	\$ 780,858
2020	950,005
2021	577,537
2022	(525,657)
2023	(397,512)
Thereafter	<u>-</u>
	<u>\$ 1,385,231</u>

***Actuarial Assumptions***

The District's 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%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2040

Municipal Bond Rate \*    From July 1, 2040  
and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 19,416,185</u>	<u>\$ 15,651,046</u>	<u>\$ 12,514,219</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$15,256,476 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$220,230,825. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .32663 percent, which was an increase of .00293 percent from its proportionate share measured as of June 30, 2016 of .32370 percent.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**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%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 261,641,128</u>	<u>\$ 220,230,825</u>	<u>\$ 186,116,837</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	_____ -
Total	<u>\$366,078</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$3,202,038, \$3,061,303 and \$3,086,010, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$9,567,340. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$137,256,621. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District WAS .25589 percent, which was an increase of .00152 percent from its proportionate share measured as of June 30, 2016 of .25437 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 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	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

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

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>147,104,989</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 7,145,316
Interest on the Total OPEB Liability	4,322,819
Changes of Assumptions	(18,133,585)
Gross Benefit Payments	(3,304,602)
Contributions from the Member	<u>121,684</u>
<b>Net Changes</b>	<b>\$ <u>(9,848,368)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>137,256,621</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	<b>1% Decrease <u>(2.58%)</u></b>	<b>Current Discount Rate <u>(3.58%)</u></b>	<b>1% Increase <u>(4.58%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>162,933,512</u>	\$ <u>137,256,621</u>	\$ <u>116,889,467</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ <u>112,880,302</u>	\$ <u>137,256,621</u>	\$ <u>169,628,086</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

**NOTE 6 RESTATEMENT**

The District conducted an update of its capital asset inventory as of June 30, 2017. The District has restated its July 1, 2017 capital asset values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report. The net effect of this restatement was a decrease to governmental activities net position at June 30, 2017 from \$15,941,325, as originally reported, to \$10,862,586; and an increase to business-type activities net position from (\$5,184), as originally reported, to \$35,517.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 67,536,323		\$ 67,536,323	\$ 67,536,323	
Tuition From Individuals	151,083		151,083	175,812	\$ 24,729
Transportation Fees from Individuals	314,000		314,000	288,090	(25,910)
Interest Earned on Capital Reserve	2,500		2,500	2,500	-
Interest Earned on Investments				112,628	112,628
Miscellaneous, including Interest	450,351	-	450,351	463,932	13,581
<b>Total Local Sources</b>	<b>68,454,257</b>	<b>-</b>	<b>68,454,257</b>	<b>68,579,285</b>	<b>125,028</b>
State Sources					
Special Education Aid	1,434,192	\$ 202,915	1,637,107	1,637,107	
Security Aid	70,614		70,614	70,614	
Transportation Aid	259,947		259,947	259,947	
PARCC Readiness Aid	39,280		39,280	39,280	
Per Pupil Growth Aid	39,280		39,280	39,280	
Professional Learning Community Aid	37,010		37,010	37,010	
Extraordinary Aid	1,600,000		1,600,000	2,688,937	1,088,937
Non Public Transportation Reimbursement				58,725	58,725
Lead Testing for Schools Aid				4,840	4,840
On Behalf TPAF Contributions (Non-Budgeted)					
Pension Contribution				4,840,186	4,840,186
Non Contributory Insurance				117,459	117,459
Post Retirement Medical Contribution				3,202,038	3,202,038
Long Term Disability Insurance				7,407	7,407
Social Security Contribution	-	-	-	2,534,512	2,534,512
<b>Total State Sources</b>	<b>3,480,323</b>	<b>202,915</b>	<b>3,683,238</b>	<b>15,537,342</b>	<b>11,854,104</b>
Federal Sources					
Medicaid Reimbursement	23,056	-	23,056	5,111	(17,945)
<b>Total Federal Sources</b>	<b>23,056</b>	<b>-</b>	<b>23,056</b>	<b>5,111</b>	<b>(17,945)</b>
<b>Total Revenues</b>	<b>71,957,636</b>	<b>202,915</b>	<b>72,160,551</b>	<b>84,121,738</b>	<b>11,961,187</b>
<b>EXPENDITURES</b>					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool		375,958	375,958	375,958	
Kindergarten	1,146,936	(148,967)	997,969	997,969	
Grades 1-5	7,095,469	(222,213)	6,873,256	6,873,256	
Grades 6-8	5,377,947	(46,781)	5,331,166	5,331,166	
Grades 9-12	7,134,998	(349,895)	6,785,103	6,785,103	
Regular Programs - Home Instruction					
Salaries of Teachers	13,000	8,640	21,640	21,640	
Purchased Professional/Educational Services	24,000	(1,110)	22,890	12,793	10,097
General Supplies	100		100		100
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	261,124	(111,263)	149,861	149,861	
Purchased Professional/Educational Services		-			
Purchased Technical Services	585,233	(110,638)	474,595	470,594	4,001
Other Purchased Services	1,101,157	(102,977)	998,180	949,224	48,956
General Supplies	829,645	(122,055)	707,590	623,297	84,293
Textbooks	312,785	(14,790)	297,995	269,525	28,470
Other Objects	5,200	405	5,605	4,449	1,156
Acquisitions Under Capital Leases (Non-Budgeted)	-	-	-	388,332	(388,332)
<b>Total Regular Programs</b>	<b>23,887,594</b>	<b>(845,686)</b>	<b>23,041,908</b>	<b>23,253,167</b>	<b>(211,259)</b>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Budget Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - Final To Actual</b>
<b>CURRENT</b>					
Special Education					
Cognitive Mild					
Salaries of Teachers	\$ 112,531	\$ 8,859	\$ 121,390	\$ 121,390	
Other Salaries for Instruction	121,721	(8,592)	113,129	113,129	
General Supplies	3,200	(725)	2,475	506	\$ 1,969
Total Cognitive Mild	237,452	(458)	236,994	235,025	1,969
Learning and/or Language Disabilities					
Salaries of Teachers	426,755	220,955	647,710	647,710	
Other Salaries for Instruction	422,236	(190,150)	232,086	232,085	1
General Supplies	28,500	4,154	32,654	28,683	3,971
Total Learning and/or Language Disabilities	877,491	34,959	912,450	908,478	3,972
Behavioral Disabilities					
Salaries of Teachers	248,542	42,639	291,181	291,181	
Other Salaries of Instruction	144,698	(32,606)	112,092	112,092	
General Supplies	4,800	(3,787)	1,013	572	441
Total Behavioral Disabilities	398,040	6,246	404,286	403,845	441
Resource Room/Resource Center					
Salaries of Teachers	5,007,394	238,553	5,245,947	5,245,947	
Other Salaries for Instruction	642,754	298,583	941,337	941,337	
General Supplies	15,550	6,891	22,441	20,401	2,040
Textbooks	6,000	(762)	5,238	2,750	2,488
Total Resource Room	5,671,698	543,265	6,214,963	6,210,435	4,528
Autism					
Salaries of Teachers	242,349	(77,752)	164,597	164,597	
Other Salaries for Instruction	374,734	(41,138)	333,596	333,428	168
General Supplies	2,200	-	2,200	1,938	262
Total Autism	619,283	(118,890)	500,393	499,963	430
Preschool Disabilities - Part-Time					
Salaries of Teachers	166,081	(100,828)	65,253	65,253	
Other Salaries for Instruction	168,875	(52,636)	116,239	116,239	
General Supplies	500	-	500	450	50
Total Preschool Disabilities - Part-Time	335,456	(153,464)	181,992	181,942	50
Home Instruction					
Salaries of Teachers		3,880	3,880	3,880	
Other Salaries for Instruction	20,000	(12,960)	7,040	7,040	
Purchased Professional/Educational Services	70,000	2,330	72,330	64,575	7,755
General Supplies	100	-	100	-	100
Total Home Instruction	90,100	(6,750)	83,350	75,495	7,855
Total Special Education	8,229,520	304,908	8,534,428	8,515,183	19,245
Basic Skills/Remedial					
Salaries of Teachers	937,387	78,816	1,016,203	1,016,203	
General Supplies	1,600	2,203	3,803	3,302	501
Total Basic Skills/Remedial	938,987	81,019	1,020,006	1,019,505	501

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Special Education (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 333,541	\$ (22,435)	\$ 311,106	\$ 311,106	
General Supplies	8,100	(4,968)	3,132	3,132	
Textbooks	1,500	(1,500)	-	-	-
Total Bilingual Education	<u>343,141</u>	<u>(28,903)</u>	<u>314,238</u>	<u>314,238</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries	401,712	(24,419)	377,293	377,292	\$ 1
Purchased Services	2,500	(850)	1,650	1,650	1,650
Supplies and Materials	8,500	43,250	51,750	10,799	40,951
Other Objects	53,000	2,200	55,200	44,121	11,079
Total School Sponsored Co-Curricular Activities	<u>465,712</u>	<u>20,181</u>	<u>485,893</u>	<u>432,212</u>	<u>53,681</u>
School Sponsored Athletics - Instruction					
Salaries	751,111	157,814	908,925	908,925	
Purchased Services	225,461	18,718	244,179	237,458	6,721
Supplies and Materials	75,000	(2,230)	72,770	71,870	900
Other Objects	24,000	13	24,013	24,013	-
Total School Sponsored Athletics - Instruction	<u>1,075,572</u>	<u>174,315</u>	<u>1,249,887</u>	<u>1,242,266</u>	<u>7,621</u>
Total - Instruction	<u>34,940,526</u>	<u>(294,166)</u>	<u>34,646,360</u>	<u>34,776,571</u>	<u>(130,211)</u>
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Regular		13,042	13,042	13,042	
Tuition LEA's within State - Special	378,500	8,850	387,350	387,350	
Tuition to County Vocational School District-Reg.	485,750	15,650	501,400	501,400	
Tuition to County Vocational School District-Spec.	70,000	(56,000)	14,000	14,000	
Tuition to Private Schools - Disabled w/i State	3,004,351	(512,292)	2,492,059	2,487,109	4,950
Tuition to Private Schools - Disabled O/of State	164,550	(82,869)	81,681	75,024	6,657
Total Undistributed Expenditures - Instruction	<u>4,103,151</u>	<u>(613,619)</u>	<u>3,489,532</u>	<u>3,477,925</u>	<u>11,607</u>
Attendance and Social Work Services					
Salaries	76,164	-	76,164	76,164	-
Health Services					
Salaries	853,234	(94,714)	758,520	758,520	
Purchased Professional Technical Services	30,500	4,122	34,622	32,971	1,651
Supplies and Materials	11,450	1,368	12,818	10,503	2,315
Total Health Services	<u>895,184</u>	<u>(89,224)</u>	<u>805,960</u>	<u>801,994</u>	<u>3,966</u>
Speech, OT, PT and Related Services					
Salaries	1,330,313	85,708	1,416,021	1,416,021	
Purchased Professional/Educational Services	213,374	(9,372)	204,002	204,002	-
Supplies and Materials	9,600	715	10,315	10,231	84
Total Speech, OT, PT and Related Services	<u>1,553,287</u>	<u>77,051</u>	<u>1,630,338</u>	<u>1,630,254</u>	<u>84</u>
Other Support Services - Students - Extra.Serv.					
Salaries	981,137	173,765	1,154,902	1,154,902	
Purchased Professional/Educational Services	42,000	273,979	315,979	312,506	3,473
Total Other Support Services - Students - Extra Services	<u>1,023,137</u>	<u>447,744</u>	<u>1,470,881</u>	<u>1,467,408</u>	<u>3,473</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 1,671,500	\$ (40,389)	\$ 1,631,111	\$ 1,631,110	\$ 1
Salaries of Secretarial and Clerical Assistants	138,986		138,986	138,986	
Purchased Professional - Educational Services	1,500		1,500		1,500
Other Purchased Services	1,600	1,511	3,111	1,483	1,628
Supplies and Materials	16,100	(3,360)	12,740	10,388	2,352
Other Objects	16,600	(10,935)	5,665	3,165	2,500
<b>Total Guidance</b>	<b>1,846,286</b>	<b>(53,173)</b>	<b>1,793,113</b>	<b>1,785,132</b>	<b>7,981</b>
Child Study Teams					
Salaries of Other Professional Staff	1,750,405	(96,487)	1,653,918	1,653,918	
Salaries of Secretarial and Clerical Assistants	177,183	(5,227)	171,956	171,955	1
Other Purchased Prof. and Technical Services	245,000	39,004	284,004	250,526	33,478
Other Purchased Services	5,600	200	5,800	4,207	1,593
Misc. Purchased Services	200	(200)			
Supplies and Materials	26,200	(2,457)	23,743	21,093	2,650
Other Objects	23,000	(2,503)	20,497	14,541	5,956
<b>Total Child Study Teams</b>	<b>2,227,588</b>	<b>(67,670)</b>	<b>2,159,918</b>	<b>2,116,240</b>	<b>43,678</b>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	850,617	(150,275)	700,342	700,342	
Salaries of Secretarial and Clerical Assistants	39,046		39,046	39,046	
Other Salaries	26,500	7,000	33,500	33,500	
Other Purchased Services	4,700	3,160	7,860	3,997	3,863
Other Objects	5,500	865	6,365	5,740	625
<b>Total Improvement of Instruction Services</b>	<b>926,363</b>	<b>(139,250)</b>	<b>787,113</b>	<b>782,625</b>	<b>4,488</b>
Educational Media Services/School Library					
Salaries	581,811	(60,507)	521,304	521,304	
Purchased Professional and Technical Services	10,000	(5,896)	4,104	4,103	1
Supplies and Materials	17,250	205	17,455	14,781	2,674
<b>Total Educational Media Services/School Library</b>	<b>609,061</b>	<b>(66,198)</b>	<b>542,863</b>	<b>540,188</b>	<b>2,675</b>
Instructional Staff Training Services					
Purchased Professional - Education Services	65,600	(21,725)	43,875	43,388	487
Other Purchased Services	3,000		3,000	295	2,705
Supplies and Materials	1,000	(801)	199	90	109
Other Objects	15,000	(5,190)	9,810	3,114	6,696
<b>Total Instructional Staff Training Services</b>	<b>84,600</b>	<b>(27,716)</b>	<b>56,884</b>	<b>46,887</b>	<b>9,997</b>
Support Services General Administration					
Salaries	725,131	19,369	744,500	744,499	1
Legal Services	304,500	204,590	509,090	489,025	20,065
Audit Fees	37,300	(2,388)	34,912	34,912	
Architectural/Engineering Services	500	(500)			
Other Purchased Professional Services	17,500	63,657	81,157	31,157	50,000
Communications/Telephone	17,800	(6,255)	11,545	11,361	184
Miscellaneous Purchased Services	118,380	8,238	126,618	124,073	2,545
General Supplies	7,800	444	8,244	7,383	861
BOE IN-House Training/Meeting Supplies	500	(475)	25	24	1
Judgments		1,011,426	1,011,426	1,011,426	
Misc. Expenditures	16,714	(4,398)	12,316	12,147	169
BOE Membership Dues and Fees	29,730	(2,280)	27,450	27,449	1
<b>Total Support Services General Administration</b>	<b>1,275,855</b>	<b>1,291,428</b>	<b>2,567,283</b>	<b>2,493,456</b>	<b>73,827</b>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 1,704,466	\$ (48,459)	\$ 1,656,007	\$ 1,656,006	\$ 1
Salaries of Secretarial and Clerical Assistants	561,460	(11,263)	550,197	550,197	
Purchased Professional and Technical Services	1,500	(908)	592		592
Other Purchased Services	13,750	277	14,027	8,938	5,089
Supplies and Materials	47,000	37,926	84,926	73,607	11,319
Other Objects	13,200	16	13,216	11,983	1,233
<b>Total Support Services School Administration</b>	<u>2,341,376</u>	<u>(22,411)</u>	<u>2,318,965</u>	<u>2,300,731</u>	<u>18,234</u>
Central Services					
Salaries	548,997	(89,875)	459,122	459,042	80
Purchased Professional Services	2,650	9,910	12,560	10,760	1,800
Purchased Technical Services	51,080		51,080	48,892	2,188
Misc. Purchased Services	23,350	706	24,056	17,730	6,326
Supplies and Materials	15,000	405	15,405	15,404	1
Miscellaneous Expenditures	2,700	(623)	2,077	1,640	437
<b>Total Central Services</b>	<u>643,777</u>	<u>(79,477)</u>	<u>564,300</u>	<u>553,468</u>	<u>10,832</u>
Admin. Info. Tech.					
Salaries	561,152	(11,430)	549,722	549,722	
Other Purchased Services	2,725	1,876	4,601	3,451	1,150
Supplies and Materials	5,250	14,208	19,458	19,314	144
Other Objects	-	250	250	250	-
<b>Total Admin. Info. Tech.</b>	<u>569,127</u>	<u>4,904</u>	<u>574,031</u>	<u>572,737</u>	<u>1,294</u>
Required Maintenance for School Facilities					
Salaries	589,606	9,484	599,090	599,090	
Cleaning, Repair and Maintenance Services	277,500	5,326	282,826	273,990	8,836
General Supplies	134,000	8,265	142,265	135,927	6,338
<b>Total Required Maint. For School Facilities</b>	<u>1,001,106</u>	<u>23,075</u>	<u>1,024,181</u>	<u>1,009,007</u>	<u>15,174</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services		2,165	2,165	1,850	315
General Supplies	-	29,000	29,000	25,725	3,275
<b>Total Care and Upkeep of Grounds</b>	<u>-</u>	<u>31,165</u>	<u>31,165</u>	<u>27,575</u>	<u>3,590</u>
Custodial Services					
Salaries	418,189	(120,575)	297,614	297,613	1
Purchased Professional and Technical Services	2,184,593	(14,949)	2,169,644	2,167,709	1,935
Cleaning, Repair and Maintenance Services	135,850	(2,406)	133,444	117,368	16,076
Rental of Land and Bldg. Oth. Than Lease Purchase	10,001	499	10,500	10,121	379
Other Purchased Property Services	62,200	5,394	67,594	64,541	3,053
Insurance	268,457	(2,800)	265,657	265,657	
Miscellaneous Purchased Services	41,625	(39,915)	1,710	871	839
General Supplies	163,500	(20,258)	143,242	142,226	1,016
Energy (Gas)	220,000	21,672	241,672	223,673	17,999
Energy (Electricity)	530,000	67,588	597,588	557,129	40,459
Other Objects	46,800	(44,950)	1,850	510	1,340
<b>Total Custodial Services</b>	<u>4,081,215</u>	<u>(150,700)</u>	<u>3,930,515</u>	<u>3,847,418</u>	<u>83,097</u>



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg. Management Fee - ESC Transp. Prog.	\$ 55,872	\$ 1,341	\$ 57,213	\$ 57,213	\$ 875
Contracted Services - Aid In Lieu of Payment for Non-public School Students	4,350		4,350	3,475	
Contracted Services (Between Home and School) - Vendors	185,640	1,516	187,156	175,404	11,752
Contracted Services (Other Than Between Home and School) - Vendors	2,142,960	71,170	2,214,130	2,214,117	13
Contracted Services ( Special Education Students)- Vendors	331,250	(13,495)	317,755	305,246	12,509
Contracted Services ( Special Education Students)- Joint Agreements	1,222,924	194,551	1,417,475	1,410,561	6,914
Misc. Purchased Svc. - Transportation	7,865		7,865		7,865
Other Objects	3,700	(75)	3,625	3,500	125
	2,200	-	2,200	450	1,750
<b>Total Student Transportation Services</b>	<b>3,956,761</b>	<b>255,008</b>	<b>4,211,769</b>	<b>4,169,966</b>	<b>41,803</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	750,000	21,593	771,593	760,262	11,331
Other Retirement Contributions - PERS	742,756	(102,225)	640,531	640,531	
Other Retirement Contributions - DCRP		20,695	20,695	20,695	
Workmen's Compensation	262,537	(43,045)	219,492	219,492	
Health Benefits	9,752,871	(87,001)	9,665,870	9,665,870	
Tuition Reimbursement	261,620	(4,341)	257,279	240,792	16,487
Other Employee Benefits	80,820	82,827	163,647	163,537	110
<b>Total Unallocated Benefits</b>	<b>11,850,604</b>	<b>(111,497)</b>	<b>11,739,107</b>	<b>11,711,179</b>	<b>27,928</b>
On Behalf TPAF Payments (Non-Budgeted)					
Pension Contribution				4,840,186	(4,840,186)
Non Contributory Insurance				117,459	(117,459)
Post Retirement Medical Contribution				3,202,038	(3,202,038)
Long Term Disability Insurance				7,407	(7,407)
Social Security Contribution	-	-	-	2,534,512	(2,534,512)
<b>Total On-Behalf Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,701,602</b>	<b>(10,701,602)</b>
<b>Total Undistributed Expenditures</b>	<b>39,064,642</b>	<b>709,440</b>	<b>39,774,082</b>	<b>50,111,956</b>	<b>(10,337,874)</b>
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000
<b>Total Current Expenditures</b>	<b>74,006,168</b>	<b>415,274</b>	<b>74,421,442</b>	<b>84,888,527</b>	<b>(10,467,085)</b>
Equipment					
Grades 1-5 (Instructional)		5,582	5,582	3,181	2,401
Grades 6-8 (Instructional)	60,000	(8,653)	51,347	51,345	2
Grades 9-12 (Instructional)	5,000	(2,736)	2,264	2,264	
Resource Room/Resource Center		2,499	2,499	2,498	1
Autism		2,490	2,490	2,490	
School Sponsors AthLetics	14,745	46,715	61,460	19,729	41,731
Undistributed Expenditures					
School Admin	12,500	411,310	423,810	34,107	389,703
Required Maintenance for School Facilities (Non Instr.)	-	53,188	53,188	38,297	14,891
<b>Total Equipment</b>	<b>92,245</b>	<b>510,395</b>	<b>602,640</b>	<b>153,911</b>	<b>448,729</b>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
<b>EXPENDITURES (Continued)</b>					
<b>CAPITAL OUTLAY (Continued)</b>					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		\$ 10,114	\$ 10,114	\$ 10,113	\$ 1
Other Purchased Professional and Technical Services	\$ 390,000	11,028	401,028	318,584	82,444
Construction Services	150,000	(7,792)	142,208	142,207	1
Assessment for Debt Service on SDA Funding	31,043	-	31,043	31,043	-
Total Facilities Acquisition and Construction Services	<u>571,043</u>	<u>13,350</u>	<u>584,393</u>	<u>501,947</u>	<u>82,446</u>
Interest Deposit to Capital Reserve	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Capital Outlay	<u>664,788</u>	<u>523,745</u>	<u>1,188,533</u>	<u>655,858</u>	<u>532,675</u>
Transfer to Charter Schools	<u>26,680</u>	<u>38,119</u>	<u>64,799</u>	<u>64,799</u>	<u>-</u>
Total Expenditures - General Fund	<u>74,697,636</u>	<u>977,138</u>	<u>75,674,774</u>	<u>85,609,184</u>	<u>(9,934,410)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,740,000)</u>	<u>(774,223)</u>	<u>(3,514,223)</u>	<u>(1,487,446)</u>	<u>2,026,777</u>
Other Financing Sources					
Capital Lease Proceeds				388,332	388,332
Operating Transfer Out - Food Service Enterprise Fund	-	(45,000)	(45,000)	(45,000)	-
Operating Transfers In	-	-	-	10,554	10,554
Total Other Financing Sources	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>353,886</u>	<u>398,886</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	<u>(2,740,000)</u>	<u>(819,223)</u>	<u>(3,559,223)</u>	<u>(1,133,560)</u>	<u>2,425,663</u>
Fund Balances, Beginning of Year	<u>8,934,021</u>	<u>-</u>	<u>8,934,021</u>	<u>8,934,021</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,194,021</u>	<u>\$ (819,223)</u>	<u>\$ 5,374,798</u>	<u>\$ 7,800,461</u>	<u>\$ 2,425,663</u>
<b>Recapitulation of Fund Balance:</b>					
Capital Reserve				\$ 2,510,555	
Maintenance Reserve				100,000	
Excess Surplus- Designated for Subsequent Year's Budget				1,000,000	
Encumbrances				614,201	
Designated for Subsequent Year's Budget				1,197,500	
Unassigned				<u>2,378,205</u>	
Reconciliation to Governmental Funds Statements (GAAP):				7,800,461	
Less: State Aid Not Recognized on GAAP Basis				<u>(2,874,756)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 4,925,705</u>	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources		\$ 66,831	\$ 66,831	\$ 46,954	\$ (19,877)
State Sources	\$ 121,500	10,018	131,518	111,141	(20,377)
Federal Sources	834,222	217,169	1,051,391	848,614	(202,777)
<b>Total Revenues</b>	<u>955,722</u>	<u>294,018</u>	<u>1,249,740</u>	<u>1,006,709</u>	<u>(243,031)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	90,912	41,983	132,895	80,706	52,189
Purchased Professional Services	20,385	(10,450)	9,935	8,860	1,075
Other Purchased Services		24,068	24,068	21,883	2,185
Tuition	652,405	94,610	747,015	660,080	86,935
General Supplies	29,700	82,660	112,360	94,846	17,514
Textbooks	22,500	(5,792)	16,708	15,603	1,105
Other Objects	-	2,375	2,375	2,315	60
<b>Total Instruction</b>	<u>815,902</u>	<u>229,454</u>	<u>1,045,356</u>	<u>884,293</u>	<u>161,063</u>
<b>Support Services</b>					
Salaries		4,000	4,000	2,000	2,000
Personal Services - Employee Benefits		13,547	13,547	13,291	256
Purchased Prof./Educational Services	58,000	27,901	85,901	52,108	33,793
Other Purchased Services	74,620	19,525	94,145	53,846	40,299
Supplies and Materials	7,200	(409)	6,791	1,171	5,620
Other Objects	-	-	-	-	-
<b>Total Support Services</b>	<u>139,820</u>	<u>64,564</u>	<u>204,384</u>	<u>122,416</u>	<u>81,968</u>
<b>Total Expenditures</b>	<u>955,722</u>	<u>294,018</u>	<u>1,249,740</u>	<u>1,006,709</u>	<u>243,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 84,121,738	\$ 1,006,709
<b>Difference - Budget to GAAP</b>		
2017/2018 State Aid recognized for budgetary purposes, not recognized for GAAP statements	(2,874,756)	
2016/2017 State Aid recognized for GAAP purposes, not recognized for budgetary statements	<u>2,990,393</u>	<u>-</u>
<b>Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)</b>	<u>\$ 84,237,375</u>	<u>\$ 1,006,709</u>
<b>Uses/Outflows of Resources</b>		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	<u>\$ 85,609,184</u>	<u>\$ 1,006,709</u>
<b>Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)</b>	<u>\$ 85,609,184</u>	<u>\$ 1,006,709</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last Five Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.06723%	0.07010%	0.06755%	0.06063%	0.05438%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,651,046	\$ 20,763,330	\$ 15,164,540	\$ 11,353,116	\$ 10,394,920
District's Covered-Employee Payroll	\$ 5,677,955	\$ 4,395,390	\$ 4,707,825	\$ 4,399,532	\$ 3,973,738
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	276%	472%	322%	258%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%	48.72%

79

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

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

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

**Public Employees Retirement System**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 622,853	\$ 622,810	\$ 580,784	\$ 500,916	\$ 409,814
Contributions in Relation to the Contractually Required Contribution	<u>622,853</u>	<u>622,810</u>	<u>580,784</u>	<u>500,916</u>	<u>409,814</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,677,955	\$ 4,395,390	\$ 4,707,825	\$ 4,399,532	\$ 3,973,738
Contributions as a Percentage of Covered-Employee Payroll	10.97 %	14.17 %	12.33 %	11.39 %	10.31 %

08

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years\*

	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$220,230,825</u>	<u>\$254,647,090</u>	<u>\$203,237,190</u>	<u>\$167,054,854</u>	<u>\$ 157,248,212</u>
Total	<u>\$220,230,825</u>	<u>\$254,647,090</u>	<u>\$203,237,190</u>	<u>\$167,054,854</u>	<u>\$ 157,248,212</u>
District's Covered-Employee Payroll	\$ 35,783,808	\$ 33,482,709	\$ 33,462,833	\$ 32,580,046	\$ 31,155,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.74%	33.64%	33.76%

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

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Change of Benefit Terms:** None.

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 7,145,316
Interest on Total OPEB Liability	4,322,819
Changes of Assumptions	(18,133,585)
Gross Benefit Payments	(3,304,602)
Contribution from the Member	121,684
<b>Net Change in Total OPEB Liability</b>	(9,848,368)
<b>Total OPEB Liability - Beginning</b>	147,104,989
<b>Total OPEB Liability - Ending</b>	\$ 137,256,621
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	137,256,621
<b>Total OPEB Liability - Ending</b>	\$ 137,256,621
District's Covered-Employee Payroll	\$ 41,461,763
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 5e.

**SCHOOL LEVEL SCHEDULES**

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

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Temporary Emergency Impact Aid	ESEA				IDEA, Part B		Total Page 2	Total
		Title I	Title II-A	Title III	Title IV	Basic	Preschool		
<b>REVENUES</b>									
Intergovernmental									
State								\$ 111,141	\$ 111,141
Federal	\$ 6,750	\$ 103,627	\$ 32,937	\$ 14,203	\$ 7,100	\$ 669,010	\$ 14,987		848,614
Other	-	-	-	-	-	-	-	46,954	46,954
<b>Total Revenues</b>	<b>6,750</b>	<b>103,627</b>	<b>32,937</b>	<b>14,203</b>	<b>7,100</b>	<b>669,010</b>	<b>14,987</b>	<b>158,095</b>	<b>1,006,709</b>
<b>EXPENDITURES</b>									
Instruction									
Salaries of Teachers		76,706				4,000			80,706
Purchased Professional Services				7,950				910	8,860
Other Purchased Services	4,000							17,883	21,883
Tuition						660,080			660,080
General Supplies	2,750	13,783		2,950		4,930	14,987	55,446	94,846
Textbooks								15,603	15,603
Other Objects	-	-	-	-	-	-	-	2,315	2,315
<b>Total Instruction</b>	<b>6,750</b>	<b>90,489</b>	<b>-</b>	<b>10,900</b>	<b>-</b>	<b>669,010</b>	<b>14,987</b>	<b>92,157</b>	<b>884,293</b>
Support Services									
Salaries				2,000					2,000
Personal Services Employee-Benefits		13,138		153					13,291
Purchased Prof./Ed. Serv.			4,746		7,100			40,262	52,108
Other Purchased Services			28,191	1,150				24,505	53,846
Supplies and Materials	-	-	-	-	-	-	-	1,171	1,171
<b>Total Support Services</b>	<b>-</b>	<b>13,138</b>	<b>32,937</b>	<b>3,303</b>	<b>7,100</b>	<b>-</b>	<b>-</b>	<b>65,938</b>	<b>122,416</b>
<b>Total Expenditures</b>	<b>6,750</b>	<b>103,627</b>	<b>32,937</b>	<b>14,203</b>	<b>7,100</b>	<b>669,010</b>	<b>14,987</b>	<b>158,095</b>	<b>1,006,709</b>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**CAPITAL PROJECTS FUND**



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Improvements to Montville High School	\$ 22,580,000	\$ 22,540,781		\$ 39,219	
Security System Upgrade					
Montville High School	189,146	186,931		2,215	
Cedar Hill Elementary School	124,260	122,805		1,455	
Robert R. Lazar Middle School	127,170	125,680		1,490	
Hilldale Elementary School	113,087	111,761		1,326	
Valley View Elementary School	119,958	118,553		1,405	
William H. Mason, Jr. Elementary School	107,013	105,760		1,253	
Woodmont Elementary School	114,342	112,932		1,410	
2017 Referendum					
District-Wide HVAC renovations and control upgrades, district-wide restroom renovations, roof replacement at Montville High, Lazar Middle and William Mason Schools and media center renovations at all elementary schools and Lazar Middle School.	11,172,832		\$ 1,803,983		\$ 9,368,849
District-wide all purpose room/gymnasium renovations	3,014,355		164,298		2,850,057
District-wide HVAC improvements and upgrades	<u>3,418,700</u>	<u>-</u>	<u>531,114</u>	<u>-</u>	<u>2,887,586</u>
	<u>41,080,863</u>	<u>23,425,203</u>	<u>2,499,395</u>	<u>49,773</u>	<u>15,106,492</u>
		Capital Reserve		\$ 10,554	
		Debt Service Fund		38,906	
		Debt Authorized But Not Issued		<u>313</u>	
				<u>\$ 49,773</u>	
Project Balances, June 30, 2018					\$ 15,106,492
Less:					
Debt Authorized but Not Issued					<u>(1,887)</u>
Fund Balance, June 30, 2018 (Budgetary Basis)					<u>\$ 15,104,605</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>Revenues and Other Financing Sources</b>	
Bond Proceeds	\$ 17,604,000
Premium on Bonds	968
Interest Earned	<u>83,500</u>
 Total Revenues and Other Financing Sources	 <u>17,688,468</u>
<b>Expenditures and Other Financing Uses</b>	
Purchased Professional and Technical Services	813,512
Construction Services	1,483,527
Other Objects	202,356
Transfer to General Fund	
Capital Reserve	10,554
Transfer to Debt Service Fund	
Interest Earned	83,500
Premium on Bonds	968
Cancellation of Unexpended Bond Proceeds	<u>38,906</u>
 Total Expenditures and Other Financing Uses	 <u>2,633,323</u>
 Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	  15,055,145
 Fund Balance July 1, 2017	  <u>49,460</u>
 Fund Balance June 30, 2018	  <u>\$ 15,104,605</u>
<b>Recapitulation of Fund Balance:</b>	
Year End Encumbrances	\$ 5,983,338
Restricted for Capital Projects	<u>9,121,267</u>
	 <u>\$ 15,104,605</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
IMPROVEMENTS TO MONTVILLE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 4,187,687		\$ 4,187,687	\$ 4,187,687
Other Local Sources	313		313	313
Bond Proceeds	<u>18,392,000</u>	<u>-</u>	<u>18,392,000</u>	<u>18,392,000</u>
 Total Revenues and Other Financing Sources	 <u>22,580,000</u>	 <u>-</u>	 <u>22,580,000</u>	 <u>22,580,000</u>
<b>Expenditures and Other Financing Uses</b>				
Salaries	118,333		118,333	118,333
Legal Services	450,517		450,517	450,517
Purchased Professional and Technical Services	2,272,511		2,272,511	2,272,511
Judgements	545,000		545,000	545,000
General Supplies	1,337,130		1,337,130	1,337,130
Other Objects	243,440		243,440	243,440
Construction Services	17,573,850		17,573,850	17,573,850
Cancelled - Debt Authorized But Not Issued		\$ 313	313	313
Cancelled - Transfer Unexpended Bond Proceeds to Debt Service	<u>-</u>	<u>38,906</u>	<u>38,906</u>	<u>38,906</u>
 Total Expenditures and Other Financing Uses	 <u>22,540,781</u>	 <u>39,219</u>	 <u>22,580,000</u>	 <u>22,580,000</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 39,219</u>	 <u>\$ (39,219)</u>	 <u>\$ -</u>	 <u>\$ -</u>

## Additional Project Information:

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

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2007
Revised Target Completion Date	June 30, 2007

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**SECURITY SYSTEM UPGRADE - MONTVILLE HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

## Additional Project Information:

Project Number	3340-010-09-OUAB
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 189,146
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 189,146
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SECURITY SYSTEM UPGRADE - CEDAR HILL ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

## Additional Project Information:

Project Number	3340-025-09-OUAD
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 124,260
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 124,260
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**SECURITY SYSTEM UPGRADE - ROBERT R. LAZAR MIDDLE SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

## Additional Project Information:

Project Number	3340-030-09-OUAF
Grant Date	2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 127,170
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 127,170
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2013
Revised Target Completion Date	June 30, 2013

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**SECURITY SYSTEM UPGRADE - HILLDALE ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 45,235		\$ 45,235	\$ 45,235
Transfer from Capital Outlay/Capital Reserve	67,852	-	67,852	67,852
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	113,087	-	113,087	113,087
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	347		347	347
Construction Services	111,414		111,414	111,414
Cancelled - Transfer to Capital Reserve	-	\$ 1,326	1,326	1,326
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	111,761	1,326	113,087	113,087
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>				
	\$ 1,326	\$ (1,326)	\$ -	\$ -
<b>Additional Project Information:</b>				
Project Number	3340-050-09-OUAH			
Grant Date	2010			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 113,087			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 113,087			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2013			
Revised Target Completion Date	June 30, 2013			

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**SECURITY SYSTEM UPGRADE - VALLEY VIEW ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

## Additional Project Information:

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



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SECURITY SYSTEM UPGRADE - WILLIAM MASON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

## Additional Project Information:

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**SECURITY SYSTEM UPGRADE - WOODMONT ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

## Additional Project Information:

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
2017 REFERENDUM - DISTRICT-WIDE HVAC RENOVATIONS AND CONTROL UPGRADES,  
DISTRICT WIDE RESTROOM RENOVATIONS, ROOF REPLACEMENT AT HIGH SCHOOL, MIDDLE SCHOOL AND  
WILLIAM MASON SCHOOL AND MEDIA CENTER RENOVATIONS AT ALL ELEMENTARY SCHOOLS AND MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds		\$ 11,170,945	\$ 11,170,945	\$ 11,170,945
Debt Authorized But Not Issued	-	1,887	1,887	1,887
<b>Total Revenues and Other Financing Sources</b>	<u>-</u>	<u>11,172,832</u>	<u>11,172,832</u>	<u>11,172,832</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		517,679	517,679	894,056
Construction Services		1,155,083	1,155,083	10,147,555
Other Objects	-	131,221	131,221	131,221
<b>Total Expenditures and Other Financing Uses</b>	<u>-</u>	<u>1,803,983</u>	<u>1,803,983</u>	<u>11,172,832</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>\$ -</u>	<u>\$ 9,368,849</u>	<u>\$ 9,368,849</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/26/2017
Bonds Authorized	\$ 11,172,832
Bonds Issued	\$ 11,170,945
Original Authorized Cost	\$ 11,172,832
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 11,172,832
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	16.15%
Original Target Completion Date	June 30, 2019
Revised Target Completion Date	June 30, 2019

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**2017 REFERENDUM - DISTRICT-WIDE ALL-PURPOSE ROOM/GYMASIUM RENOVATIONS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	-	\$ 3,014,355	\$ 3,014,355	\$ 3,014,355
Total Revenues and Other Financing Sources	-	3,014,355	3,014,355	3,014,355
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		122,189	122,189	289,109
Construction Services				2,683,137
Other Objects	-	42,109	42,109	42,109
Total Expenditures and Other Financing Uses	-	164,298	164,298	3,014,355
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 2,850,057	\$ 2,850,057	\$ -

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/26/2017
Bonds Authorized	\$ 3,014,355
Bonds Issued	\$ 3,014,355
Original Authorized Cost	\$ 3,014,355
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,014,355
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	5.45%
Original Target Completion Date	June 30, 2019
Revised Target Completion Date	June 30, 2019

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**2017 REFERENDUM - DISTRICT-WIDE HVAC IMPROVEMENTS AND UPGRADES**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	-	\$ 3,418,700	\$ 3,418,700	\$ 3,418,700
Total Revenues and Other Financing Sources	-	3,418,700	3,418,700	3,418,700
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		173,644	173,644	312,844
Construction Services		328,444	328,444	3,076,830
Other Objects	-	29,026	29,026	29,026
Total Expenditures and Other Financing Uses	-	531,114	531,114	3,418,700
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 2,887,586	\$ 2,887,586	\$ -

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/26/2017
Bonds Authorized	\$ 3,418,700
Bonds Issued	\$ 3,418,700
Original Authorized Cost	\$ 3,418,700
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,418,700
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	15.54%
Original Target Completion Date	June 30, 2019
Revised Target Completion Date	June 30, 2019

**ENTERPRISE FUNDS**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 33,456	\$ 101,150	\$ 134,606
Receivables			
Accounts		5,698	5,698
Inventories	4,314	-	4,314
	<u>37,770</u>	<u>106,848</u>	<u>144,618</u>
Total Current Assets			
Capital Assets			
Furniture, Machinery and Equipment	310,724		310,724
Less Accumulated Depreciation	(232,469)	-	(232,469)
	<u>78,255</u>	<u>-</u>	<u>78,255</u>
Total Capital Assets, Net			
Total Assets	<u>116,025</u>	<u>106,848</u>	<u>222,873</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	16,972	1,399	18,371
Due to Other Funds	76,728	75,000	151,728
	<u>93,700</u>	<u>76,399</u>	<u>170,099</u>
Total Current Liabilities			
<b>NET POSITION</b>			
Net Investment in Capital Assets	78,255		78,255
Unrestricted	(55,930)	30,449	(25,481)
	<u>22,325</u>	<u>30,449</u>	<u>52,774</u>
Total Net Position	<u>\$ 22,325</u>	<u>\$ 30,449</u>	<u>\$ 52,774</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**ENTERPRISE FUNDS - NONMAJOR**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales	\$ 886,027		\$ 886,027
Special Functions	69,037		69,037
Program Fees	-	\$ 762,078	762,078
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	955,064	762,078	1,717,142
<b>OPERATING EXPENSES</b>			
Salaries and Wages	417,356	672,829	1,090,185
Management Fee	55,698		55,698
Other Purchased Services	4,894	7,898	12,792
Supplies and Materials	5,487	50,461	55,948
Utilities		50,000	50,000
Miscellaneous	4,495	1,500	5,995
Cost of Sales	466,101		466,101
Depreciation	9,154	-	9,154
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	963,185	782,688	1,745,873
Operating (Loss)	<hr/> (8,121)	<hr/> (20,610)	<hr/> (28,731)
<b>Nonoperating Revenues</b>			
Interest Income	988	-	988
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	988	-	988
(Loss) Before Transfers	(7,133)	(20,610)	(27,743)
Transfer in	45,000	-	45,000
	<hr/>	<hr/>	<hr/>
Change in Net Position	37,867	(20,610)	17,257
Net Position, Beginning of Year (Restated)	<hr/> (15,542)	<hr/> 51,059	<hr/> 35,517
Net Position, End of Year	<hr/> <u>\$ 22,325</u>	<hr/> <u>\$ 30,449</u>	<hr/> <u>\$ 52,774</u>



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 955,064	\$ 689,125	\$ 1,644,189
Cash Payments for Employees Salaries & Benefits	(417,356)	(672,829)	(1,090,185)
Cash Payments to Suppliers for Goods and Services	<u>(549,351)</u>	<u>(111,817)</u>	<u>(661,168)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(11,643)</u>	<u>(95,521)</u>	<u>(107,164)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received from (Payments to) Other Funds	<u>34,549</u>	<u>(335,000)</u>	<u>(300,451)</u>
Net Cash Provided (Used for) by Noncapital Financing Activities	<u>34,549</u>	<u>(335,000)</u>	<u>(300,451)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	<u>(15,163)</u>	<u>-</u>	<u>(15,163)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(15,163)</u>	<u>-</u>	<u>(15,163)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Earnings	<u>988</u>	<u>-</u>	<u>988</u>
Net Cash Provided by Investing Activities	<u>988</u>	<u>-</u>	<u>988</u>
Net Change in Cash and Cash Equivalents	8,731	(430,521)	(421,790)
Cash and Cash Equivalents, Beginning of Year	<u>24,725</u>	<u>531,671</u>	<u>556,396</u>
Cash and Cash Equivalents, End of Year	<u>\$ 33,456</u>	<u>\$ 101,150</u>	<u>\$ 134,606</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating (Loss)	\$ (8,121)	\$ (20,610)	\$ (28,731)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	9,154		9,154
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable		4,607	4,607
Increase/(Decrease) in Accounts Payable	(15,577)	17	(15,560)
Increase/(Decrease) in Other Current Liabilities		(1,975)	(1,975)
Increase/(Decrease) in Unearned Revenue		(77,560)	(77,560)
Decrease/(Increase) in Inventory	<u>2,901</u>	<u>-</u>	<u>2,901</u>
Total Adjustments	<u>(3,522)</u>	<u>(74,911)</u>	<u>(78,433)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (11,643)</u>	<u>\$ (95,521)</u>	<u>\$ (107,164)</u>

**FIDUCIARY FUNDS**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS</b>			
Cash	\$ 277,718	\$ 1,423,468	\$ 1,701,186
Total Assets	<u>\$ 277,718</u>	<u>\$ 1,423,468</u>	<u>\$ 1,701,186</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable		\$ 673	\$ 673
Summer Savings		1,259,247	1,259,247
Accrued Salaries and Wages		1,197	1,197
Reserve for Flex Spending		21,978	21,978
Reserve for Cobra		3,979	3,979
Due to Other Funds	6,511	136,394	142,905
Due to Student Groups	<u>\$ 271,207</u>	<u>-</u>	<u>271,207</u>
Total Liabilities	<u>\$ 277,718</u>	<u>\$ 1,423,468</u>	<u>\$ 1,701,186</u>

EXHIBIT H-2

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
<b>ELEMENTARY SCHOOLS</b>				
William Mason	\$ 18,660	\$ 8,399	\$ 8,729	\$ 18,330
Woodmont	6,072	8,549	9,927	4,694
Cedar Hill	6,175	14,451	13,388	7,238
Hilldale	5,138	15,275	14,543	5,870
Valley View	10,748	16,938	17,128	10,558
<b>MIDDLE SCHOOL</b>				
Robert R. Lazar	16,855	106,524	105,389	17,990
<b>HIGH SCHOOL</b>				
Montville High School	161,196	375,611	330,858	205,949
Athletic Account	4,550	100,344	97,805	7,089
Total	<u>\$ 229,394</u>	<u>\$ 646,091</u>	<u>\$ 597,767</u>	<u>\$ 277,718</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Payroll Deductions and Withholdings	\$ 403,685	\$ 23,664,241	\$ 24,067,253	\$ 673
Summer Savings	951,283	1,259,247	951,283	1,259,247
Accrued Salaries and Wages	72	27,290,749	27,289,624	1,197
Reserve for Flex Spending	23,805	65,002	66,829	21,978
Reserve for COBRA	3,933	46		3,979
Due to/(from) Other Funds				
General Fund	9,964	49,300	9,964	49,300
Unemployment Trust Fund	126,156	-	39,062	87,094
	<u>\$ 1,518,898</u>	<u>\$ 52,328,585</u>	<u>\$ 52,424,015</u>	<u>\$ 1,423,468</u>

**LONG-TERM DEBT**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Refunding Bonds	11/16/2004	\$ 10,755,000	7/15/2018	\$ 835,000	5.00%	\$ 1,680,000		\$ 845,000	\$ 835,000
Refunding Bonds	2/6/2008	7,230,000	8/1/2018	620,000	5.00%				
			8/1/2019	670,000	5.00%				
			8/1/2020	670,000	4.625%				
			8/1/2021	670,000	4.375%	3,255,000		625,000	2,630,000
Refunding Bonds	2/16/2016	5,200,000	2/1/2019	725,000	3.000%				
			2/1/2020	775,000	3.000%				
			2/1/2021	805,000	4.000%				
			2/1/2022	850,000	4.000%				
			2/1/2023	840,000	4.000%	4,635,000		640,000	3,995,000
2018 School Bonds	2/1/2018	17,604,000	2/1/2020	894,000	2.000%				
			2/1/2021	500,000	3.000%				
			2/1/2022	550,000	3.000%				
			2/1/2023	660,000	3.000%				
			2/1/2024-35	1,000,000	3.000%				
			2/1/2036-37	1,000,000	3.125%				
			2/1/2038	1,000,000	3.250%	-	\$ 17,604,000	-	17,604,000
						\$ 9,570,000	\$ 17,604,000	\$ 2,110,000	\$ 25,064,000

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>School Year</u>	<u>Original Amount</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Acquisition of Computers	2012/13	\$ 449,744	\$ 8,140		\$ 8,140	
Acquisition of Computers	2014/15	366,971	10,456		10,456	
Acquisition of Computers	2015/16	938,473	575,616		187,860	\$ 387,756
Acquisition of Computers	2016/17	1,023,661	1,023,361		343,599	679,762
Acquisition of Computers	2017/18	388,332	-	\$ 388,332	100,000	288,332
			<u>\$ 1,617,573</u>	<u>\$ 388,332</u>	<u>\$ 650,055</u>	<u>\$ 1,355,850</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Property Tax Levy	\$ 2,321,473		\$ 2,321,473	\$ 2,321,473	
Miscellaneous				3,309	\$ 3,309
State Sources					
Debt Service Aid	<u>153,482</u>	<u>-</u>	<u>153,482</u>	<u>153,482</u>	<u>-</u>
Total Revenues	<u>2,474,955</u>	<u>-</u>	<u>2,474,955</u>	<u>2,478,264</u>	<u>3,309</u>
<b>EXPENDITURES:</b>					
Debt Service:					
Principal	2,110,000		2,110,000	2,110,000	
Interest	<u>364,956</u>	<u>-</u>	<u>364,956</u>	<u>364,956</u>	<u>-</u>
Total Expenditures	<u>2,474,956</u>	<u>-</u>	<u>2,474,956</u>	<u>2,474,956</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>3,308</u>	<u>3,309</u>
<b>OTHER FINANCING SOURCES</b>					
Transfer from Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,374</u>	<u>123,374</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,374</u>	<u>123,374</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>126,682</u>	<u>126,683</u>
Fund Balance, Beginning of Year	<u>69,006</u>	<u>-</u>	<u>69,006</u>	<u>69,006</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 69,005</u>	<u>\$ -</u>	<u>\$ 69,005</u>	<u>\$ 195,688</u>	<u>\$ 126,683</u>
<b>Recapitulation of Fund Balance</b>					
				\$ 69,005	
				<u>126,683</u>	
				<u>\$ 195,688</u>	



## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 11,707,487	\$ 11,094,896	\$ 14,062,646	\$ 15,224,134	\$ 17,759,383	\$ 20,832,098	\$ 21,959,713	\$ 25,261,772	\$ 25,839,990	\$ 21,739,659
Restricted	1,732,825	1,510,924	1,220,819	3,420,820	4,768,830	5,824,111	5,271,211	3,399,251	3,013,172	2,610,555
Unrestricted	2,137,441	1,894,213	2,677,311	3,184,008	2,750,891	2,440,413	(8,203,422)	(9,285,711)	(12,911,837)	(14,209,753)
<b>Total Governmental Activities Net Position</b>	<b>\$ 15,577,753</b>	<b>\$ 14,500,033</b>	<b>\$ 17,960,776</b>	<b>\$ 21,828,962</b>	<b>\$ 25,279,104</b>	<b>\$ 29,096,622</b>	<b>\$ 19,027,502</b>	<b>\$ 19,375,312</b>	<b>\$ 15,941,325</b>	<b>\$ 10,140,461</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 90,221	\$ 77,283	\$ 64,444	\$ 51,712	\$ 39,942	\$ 29,110	\$ 81,644	\$ 68,625	\$ 104,257	\$ 78,255
Unrestricted	1,051,884	1,196,064	1,046,391	782,208	552,083	257,559	20,508	(73,809)	(36,729)	(25,481)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,142,105</b>	<b>\$ 1,273,347</b>	<b>\$ 1,110,835</b>	<b>\$ 833,920</b>	<b>\$ 592,025</b>	<b>\$ 286,669</b>	<b>\$ 102,152</b>	<b>\$ (5,184)</b>	<b>\$ 67,528</b>	<b>\$ 52,774</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 11,797,708	\$ 11,172,179	\$ 14,127,090	\$ 15,275,846	\$ 17,799,325	\$ 20,861,208	\$ 22,041,357	\$ 25,330,397	\$ 25,944,247	\$ 21,817,914
Restricted	1,732,825	1,510,924	1,220,819	3,420,820	4,768,830	5,824,111	5,271,211	3,399,251	3,013,172	2,610,555
Unrestricted	3,189,325	3,090,277	3,723,702	3,966,216	3,302,974	2,697,972	(8,182,914)	(9,359,520)	(12,948,566)	(14,235,234)
<b>Total District Net Position</b>	<b>\$ 16,719,858</b>	<b>\$ 15,773,380</b>	<b>\$ 19,071,611</b>	<b>\$ 22,662,882</b>	<b>\$ 25,871,129</b>	<b>\$ 29,383,291</b>	<b>\$ 19,129,654</b>	<b>\$ 19,370,128</b>	<b>\$ 16,008,853</b>	<b>\$ 10,193,235</b>

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

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 30,770,482	\$ 30,867,596	\$ 29,883,027	\$ 29,625,688	\$ 32,169,118	\$ 30,795,183	\$ 36,547,777	\$ 38,487,105	\$ 43,938,994	\$ 43,390,907
Special Education	7,391,380	8,491,808	9,992,855	10,884,258	11,793,271	12,047,604	15,091,383	16,531,227	18,580,325	19,662,193
Other Instruction	940,296	732,337	1,206,905	1,394,338	1,359,022	1,308,220	1,997,181	1,994,970	2,540,006	2,519,440
School Sponsored Activities and Athletics	1,652,925	1,798,207	1,506,607	1,690,044	1,678,295	1,719,860	1,867,670	2,050,675	2,208,739	2,833,262
<b>Support Services:</b>										
Student & Instruction Related Services	9,599,153	9,742,024	9,259,691	9,720,565	10,055,231	10,720,288	12,554,475	13,470,822	15,521,847	16,768,864
School Administrative Services	2,965,228	3,040,190	3,110,820	2,987,170	3,302,622	3,102,053	3,151,180	3,380,103	4,258,151	4,272,481
General Administration	1,669,060	1,488,863	1,494,562	1,641,283	1,498,262	1,421,243	1,936,938	2,473,717	1,911,715	3,189,588
Business/Central Services	1,194,161	1,233,403	1,159,531	1,207,942	1,277,188	1,348,617	1,367,836	1,439,620	1,604,606	2,040,500
Plant Operations and Maintenance	6,316,878	6,586,201	5,658,951	5,852,882	5,690,169	5,516,674	6,106,178	6,361,161	6,905,148	5,767,715
Pupil Transportation	3,436,088	3,411,953	3,277,783	3,373,629	3,398,060	3,537,149	3,858,003	4,098,468	4,068,580	4,221,021
Interest on Long-Term Debt	1,029,060	1,007,607	924,295	891,206	780,680	699,486	626,181	606,495	359,849	483,432
<b>Total Governmental Activities Expenses</b>	<b>67,164,711</b>	<b>68,400,189</b>	<b>67,475,027</b>	<b>69,269,005</b>	<b>73,001,918</b>	<b>72,216,377</b>	<b>85,104,802</b>	<b>90,892,363</b>	<b>101,897,960</b>	<b>105,149,403</b>
<b>Business-Type Activities:</b>										
Enterprise Funds	1,360,033	1,214,124	1,434,404	1,523,210	1,537,053	1,585,291	1,637,939	1,700,913	1,661,820	1,745,873
<b>Total Business-Type Activities Expense</b>	<b>1,360,033</b>	<b>1,214,124</b>	<b>1,434,404</b>	<b>1,523,210</b>	<b>1,537,053</b>	<b>1,585,291</b>	<b>1,637,939</b>	<b>1,700,913</b>	<b>1,661,820</b>	<b>1,745,873</b>
<b>Total District Expenses</b>	<b>\$ 68,524,744</b>	<b>\$ 69,614,313</b>	<b>\$ 68,909,431</b>	<b>\$ 70,792,215</b>	<b>\$ 74,538,971</b>	<b>\$ 73,801,668</b>	<b>\$ 86,742,741</b>	<b>\$ 92,593,276</b>	<b>\$ 103,559,780</b>	<b>\$ 106,895,276</b>
<b>601 Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 349,228	\$ 305,031	\$ 564,643	\$ 563,353	\$ 479,295	\$ 480,781	\$ 442,373	\$ 440,231	\$ 415,478	\$ 463,902
Operating Grants and Contributions	9,080,919	8,749,354	6,787,584	8,945,638	10,868,364	10,128,206	18,459,436	22,937,619	29,796,550	33,230,835
Capital Grants and Contributions	64,585	946,483	638,936	117,506	16,562	294,196	4,741	14,494	-	2,297
<b>Total Governmental Activities Program Revenues</b>	<b>9,494,732</b>	<b>10,000,868</b>	<b>7,991,163</b>	<b>9,626,497</b>	<b>11,364,221</b>	<b>10,903,183</b>	<b>18,906,550</b>	<b>23,392,344</b>	<b>30,212,028</b>	<b>33,697,034</b>
<b>Business-Type Activities:</b>										
Charges for Services										
Enterprise Funds	1,370,001	1,323,532	1,251,144	1,225,922	1,277,154	1,265,087	1,453,167	1,593,163	1,686,644	1,717,142
Operating Grants and Contributions	22,470	18,665	17,538	16,855	16,128	14,270	-	1,717,142	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>1,392,471</b>	<b>1,342,197</b>	<b>1,268,682</b>	<b>1,242,777</b>	<b>1,293,282</b>	<b>1,279,357</b>	<b>1,453,167</b>	<b>3,310,305</b>	<b>1,686,644</b>	<b>1,717,142</b>
<b>Total District Program Revenues</b>	<b>\$ 10,887,203</b>	<b>\$ 11,343,065</b>	<b>\$ 9,259,845</b>	<b>\$ 10,869,274</b>	<b>\$ 12,657,503</b>	<b>\$ 12,182,540</b>	<b>\$ 20,359,717</b>	<b>\$ 26,702,649</b>	<b>\$ 31,898,672</b>	<b>\$ 35,414,176</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (57,669,979)	\$ (58,399,321)	\$ (59,483,864)	\$ (59,642,508)	\$ (61,637,697)	\$ (61,313,194)	\$ (66,198,252)	\$ (67,500,019)	\$ (71,685,932)	\$ (71,452,369)
<b>Business-Type Activities</b>	32,438	128,073	(165,722)	(280,433)	(243,771)	(305,934)	(184,772)	1,609,392	24,824	(28,731)
<b>Total District-Wide Net Expense</b>	<b>\$ (57,637,541)</b>	<b>\$ (58,271,248)</b>	<b>\$ (59,649,586)</b>	<b>\$ (59,922,941)</b>	<b>\$ (61,881,468)</b>	<b>\$ (61,619,128)</b>	<b>(66,383,024)</b>	<b>(65,890,627)</b>	<b>\$ (71,661,108)</b>	<b>\$ (71,481,100)</b>

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

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	\$ 56,002,556	\$ 58,235,700	\$ 59,929,098	\$ 60,826,776	\$ 61,319,473	\$ 62,393,125	\$ 63,640,987	\$ 64,913,806	\$ 66,212,082	\$ 67,536,323
Taxes Levied for Debt Service	2,180,333	2,116,681	2,326,078	2,359,061	2,353,046	2,369,626	2,377,773	2,380,069	2,380,459	2,321,473
Federal and State Aid - Unrestricted	23,878	-	-	-	-	-	71,118	78,884	112,061	120,729
Federal and State Aid - Restricted	218,381	267,223	137,224	120,990	122,318	122,780	126,598	130,043	132,442	130,850
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Donated Capital Assets	-	-	-	-	990,000	-	-	-	-	-
Investment Earnings	130,231	138,754	93,257	119,460	106,784	32,074	30,249	39,653	54,846	198,628
Miscellaneous Income	1,756,883	239,679	458,950	440,193	196,218	213,107	277,327	305,374	167,056	467,241
Transfers	-	-	-	-	-	-	-	-	(47,425)	(45,000)
<b>Total Governmental Activities</b>	<u>60,312,262</u>	<u>60,998,037</u>	<u>62,944,607</u>	<u>63,866,480</u>	<u>65,087,839</u>	<u>65,130,712</u>	<u>66,524,052</u>	<u>67,847,829</u>	<u>69,011,521</u>	<u>70,730,244</u>
<b>Business-Type Activities:</b>										
Investment Earnings	2,187	3,169	3,210	3,518	1,876	578	255	414	463	988
Transfers	-	-	-	-	-	-	-	-	47,425	45,000
<b>Total Business-Type Activities</b>	<u>2,187</u>	<u>3,169</u>	<u>3,210</u>	<u>3,518</u>	<u>1,876</u>	<u>578</u>	<u>255</u>	<u>414</u>	<u>47,888</u>	<u>45,988</u>
<b>Total District-Wide</b>	<u>\$ 60,314,449</u>	<u>\$ 61,001,206</u>	<u>\$ 62,947,817</u>	<u>\$ 63,869,998</u>	<u>\$ 65,089,715</u>	<u>\$ 65,131,290</u>	<u>\$ 66,524,307</u>	<u>\$ 67,848,243</u>	<u>\$ 69,059,409</u>	<u>\$ 70,776,232</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,642,283	\$ 2,598,716	\$ 3,460,743	\$ 4,223,972	\$ 3,450,142	\$ 3,817,518	\$ 325,800	\$ 347,810	\$ (2,674,411)	\$ (722,125)
Business-Type Activities	34,625	131,242	(162,512)	(276,915)	(241,895)	(305,356)	(184,517)	1,609,806	72,712	17,257
<b>Total District</b>	<u>\$ 2,676,908</u>	<u>\$ 2,729,958</u>	<u>\$ 3,298,231</u>	<u>\$ 3,947,057</u>	<u>\$ 3,208,247</u>	<u>\$ 3,512,162</u>	<u>\$ 141,283</u>	<u>\$ 1,957,616</u>	<u>\$ (2,601,699)</u>	<u>\$ (704,868)</u>

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

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 3,487,859	\$ 3,174,921								
Unreserved	1,280,893	1,228,287								
Restricted			\$ 2,654,830	\$ 5,788,973	\$ 7,011,651	\$ 7,766,356	\$ 7,006,808	\$ 5,233,256	\$ 5,013,172	\$ 3,610,555
Assigned			1,288,717	976,322	1,340,650	1,004,532	1,317,715	1,539,076	1,277,703	1,811,701
Unassigned	-	-	946,178	1,061,188	748,240	1,183,177	1,093,011	211,280	(347,247)	(496,551)
<b>Total General Fund</b>	<u>\$ 4,768,752</u>	<u>\$ 4,403,208</u>	<u>\$ 4,889,725</u>	<u>\$ 7,826,483</u>	<u>\$ 9,100,541</u>	<u>\$ 9,954,065</u>	<u>\$ 9,417,534</u>	<u>\$ 6,983,612</u>	<u>\$ 5,943,628</u>	<u>\$ 4,925,705</u>
All Other Governmental Funds										
Reserved	\$ 820,857	\$ 168,775								
Unreserved	1,349,968	1,435,698								
Restricted	-	-	\$ 914,534	\$ 698,669	\$ 647,698	\$ 54,692	\$ 49,275	\$ 47,164	\$ 116,169	\$ 15,300,293
<b>Total All Other Governmental Funds</b>	<u>\$ 2,170,825</u>	<u>\$ 1,604,473</u>	<u>\$ 914,534</u>	<u>\$ 698,669</u>	<u>\$ 647,698</u>	<u>\$ 54,692</u>	<u>\$ 49,275</u>	<u>\$ 47,164</u>	<u>\$ 116,169</u>	<u>\$ 15,300,293</u>

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

Fiscal Year Ended June 30

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 58,182,889	\$ 60,352,381	\$ 62,255,176	\$ 63,185,837	\$ 63,672,519	\$ 64,762,751	\$ 66,018,760	\$ 67,293,875	\$ 68,592,541	\$ 69,857,796
Tuition Charges	51,349	50,223	35,038	63,586	145,010	167,730	140,049	147,706	131,082	175,812
Interest Earnings	130,231	138,754	93,257	119,460	106,784	32,074	30,249	39,653	54,846	198,628
Miscellaneous	2,109,908	517,478	1,037,608	957,785	558,599	588,541	619,216	636,963	492,233	802,285
State Sources	8,168,260	8,553,269	5,986,825	7,509,113	9,836,061	9,520,534	10,405,221	12,271,912	13,614,393	15,919,899
Federal Sources	1,164,357	1,386,800	1,527,866	1,657,196	1,143,087	962,265	966,437	1,032,314	926,723	853,725
<b>Total Revenues</b>	<b>69,806,994</b>	<b>70,998,905</b>	<b>70,935,770</b>	<b>73,492,977</b>	<b>75,462,060</b>	<b>76,033,895</b>	<b>78,179,932</b>	<b>81,422,423</b>	<b>83,811,818</b>	<b>87,808,145</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	30,575,715	30,814,168	29,717,295	29,501,634	32,045,000	30,679,893	31,919,138	32,256,333	34,473,922	33,643,126
Special Education Instruction	7,383,460	8,471,234	9,972,991	10,881,992	11,788,476	12,044,454	13,826,070	14,647,044	15,548,031	16,367,129
Other Instruction	935,435	729,537	1,196,573	1,387,379	1,353,814	1,304,141	1,727,485	1,657,928	1,954,296	1,998,475
School Sponsored Activities and Athletics	1,652,925	1,798,207	1,506,607	1,690,044	1,678,295	1,719,860	1,836,299	1,943,736	1,994,288	2,318,630
<b>Support Services:</b>										
Tuition										
Student & Inst. Related Services	9,553,107	9,761,985	9,271,615	9,690,302	9,990,034	10,680,432	11,509,430	11,885,101	12,752,652	13,510,785
General Administration	1,618,953	1,495,036	1,459,698	1,598,800	1,460,898	1,414,130	1,552,884	1,907,008	1,773,321	2,897,352
School Administrative Services	2,884,912	2,963,505	3,071,611	2,925,910	3,193,054	3,034,992	3,055,587	3,225,483	3,310,431	3,405,623
Business/Central Services	1,190,497	1,200,997	1,154,611	1,201,103	1,270,992	1,342,020	1,334,538	1,351,839	1,420,967	1,631,405
Plant Operations and Maintenance	5,209,144	5,345,340	4,697,964	4,468,632	4,450,850	4,206,787	4,714,822	4,694,972	5,145,849	5,355,572
Pupil Transportation	3,436,088	3,411,953	3,277,783	3,373,629	3,398,060	3,537,149	3,856,497	4,093,678	4,058,528	4,198,619
Capital Outlay	1,213,178	3,175,433	3,048,069	1,528,013	1,332,822	3,408,225	859,789	3,200,110	354,701	3,124,210
<b>Debt Service:</b>										
Principal	1,769,282	1,831,371	1,810,024	1,799,217	1,905,594	2,003,518	2,232,394	2,310,074	2,521,931	2,760,055
Interest and Other Charges	1,083,562	1,028,483	954,351	886,580	820,828	739,237	663,918	672,800	449,816	379,263
<b>Total Expenditures</b>	<b>68,506,258</b>	<b>72,027,249</b>	<b>71,139,192</b>	<b>70,933,235</b>	<b>74,688,717</b>	<b>76,114,838</b>	<b>79,088,851</b>	<b>83,846,106</b>	<b>85,758,733</b>	<b>91,590,244</b>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	1,300,736	(1,028,344)	(203,422)	2,559,742	773,343	(80,943)	(908,919)	(2,423,683)	(1,946,915)	(3,782,099)
<b>Other Financing Sources (Uses)</b>										
Serial Bond Proceeds										17,604,000
Original Issue Premium								475,024		968
Proceeds from Refunding								5,200,000		-
Payments to Escrow Agent								(5,580,169)		-
Proceeds from Capital Lease	201,559	96,448		161,051	449,744	341,461	366,971		1,023,361	388,332
Cancelled Grants Receivable								(107,205)		
Transfers In	1,008,667	973,205	1,279,915	850,433	860,143	1,700,855		421,766		133,928
Transfers Out	(1,008,667)	(973,205)	(1,279,915)	(850,433)	(860,143)	(1,700,855)		(421,766)	(47,425)	(178,928)
<b>Total Other Financing Sources (Uses)</b>	<b>201,559</b>	<b>96,448</b>	<b>-</b>	<b>161,051</b>	<b>449,744</b>	<b>341,461</b>	<b>366,971</b>	<b>(12,350)</b>	<b>975,936</b>	<b>17,948,300</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,502,295</b>	<b>\$ (931,896)</b>	<b>\$ (203,422)</b>	<b>\$ 2,720,793</b>	<b>\$ 1,223,087</b>	<b>\$ 260,518</b>	<b>\$ (541,948)</b>	<b>\$ (2,436,033)</b>	<b>\$ (970,979)</b>	<b>\$ 14,166,201</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.24%</b>	<b>4.15%</b>	<b>4.06%</b>	<b>3.87%</b>	<b>3.72%</b>	<b>3.77%</b>	<b>3.70%</b>	<b>3.70%</b>	<b>3.48%</b>	<b>3.55%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest</u> <u>Earned</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Insurance/</u> <u>Other Refunds</u>	<u>Facility</u> <u>Rental</u>	<u>Student</u> <u>Activity</u> <u>Fees</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 80,557	\$ 51,349	\$ 297,879	\$ 1,603,680				\$ 153,203	\$ 2,186,668
2010	114,155	50,223	254,808	135,193	\$ 20,330			84,156	658,865
2011	93,257	35,038	374,805	327,227	20,055	\$ 155,100		111,368	1,116,850
2012	119,460	63,586	357,742	152,176	34,986	142,025		253,031	1,123,006
2013	106,784	145,010	334,285	117,346	37,279			41,593	782,297
2014	32,074	167,730	313,051	27,286	26,466			159,355	725,962
2015	30,249	140,049	302,324	22,854	10,718		\$ 109,344	134,411	749,949
2016	39,653	147,706	292,525	118,767	39,119		102,252	45,236	785,258
2017	54,846	131,082	284,396	101,989	10,124			54,943	637,380
2018	115,128	175,812	288,090	204,741	14,844	197	97,944	146,206	1,042,962

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 47,408,700	\$ 2,344,737,600	\$ 6,809,300	\$ 174,500	\$ 155,571,200	\$ 233,776,700	\$ 45,146,400	\$ 2,833,624,400	\$ 3,528,121	\$ 2,837,152,521	\$ 5,611,334,177	\$ 2.089
2010	45,954,800	2,349,791,700	6,809,300	174,500	157,443,300	226,360,400	45,146,400	2,831,680,400	3,614,059	2,835,294,459	5,455,277,462	2.163
2011	43,282,600	2,350,094,700	6,117,500		158,075,000	225,728,500	45,046,400	2,828,344,700	2,969,737	2,831,314,437	5,171,193,594	2.216
2012 <sup>b</sup>	75,191,000	3,716,335,500	10,063,100	175,500	260,454,200	378,834,700	77,158,000	4,518,212,000	4,878,055	4,523,090,055	5,028,168,356	1.403
2013	64,615,400	3,711,437,300	9,338,600	174,200	259,359,200	376,923,100	77,158,000	4,499,005,800	4,878,055	4,503,883,855	4,843,403,476	1.426
2014	59,887,700	3,724,787,100	9,074,900	186,200	258,164,500	374,440,000	77,158,000	4,503,698,400	3,036,582	4,506,734,982	4,770,546,186	1.451
2015	59,263,100	3,729,974,300	9,510,800	186,200	252,267,500	373,495,200	77,158,000	4,501,855,100	3,037,248	4,504,892,348	4,856,894,055	1.480
2016	56,943,100	3,737,842,800	10,396,500	186,200	253,655,400	371,941,400	77,158,000	4,508,123,400	3,005,634	4,511,129,034	4,834,448,686	1.507
2017	56,975,700	3,744,584,200	8,777,700	186,200	255,186,600	369,089,500	77,158,000	4,511,957,900	2,866,800	4,514,824,700	5,043,362,487	1.534
2018	58,811,800	3,743,568,400	10,467,200	173,600	258,732,400	349,599,400	77,158,000	4,498,510,800	2,870,423	4,501,381,223	5,056,583,086	1.583

Source: County Abstract of Ratables

114

<sup>a</sup> Tax rates are per \$100

<sup>b</sup> The Township underwent a revaluation of real properties which became effective in 2012.



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

Calendar Year	School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Fire Districts	Municipality	County	
2009	\$ 2.089	\$ 0.064	\$ 0.674	\$ 0.450	\$ 3.277
2010	2.163	0.064	0.684	0.440	3.351
2011	2.216	0.064	0.694	0.430	3.404
2012	(a) 1.403	0.118	0.444	0.274	2.239
2013	1.426	0.119	0.462	0.269	2.276
2014	1.451	0.039	0.466	0.271	2.227
2015	1.480	0.035	0.433	0.272	2.220
2016	1.507	0.039	0.475	0.275	2.296
2017	1.534	0.039	0.483	0.290	2.346
2018	1.583	0.039	0.494	0.291	2.407

Source: County Abstract of Ratables

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

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

Taxpayer	2018		2009	
	Taxable Assessed Valuation	% of Total District Net Assessed Valuation	Taxable Assessed Valuation	% of Total District Net Assessed Valuation
RG Realty Investors LLC	\$ 75,000,500	1.67%		
19 Chapin C/O AEW Capital Mgmt	48,000,000	1.07%		
Newark Morning Ledger	19,500,000	0.43%		
O'Dowd's, Inc.	16,717,000	0.37%		
RCS Montville LLC	16,437,000	0.37%		
Triangle 46 Prop LLC	16,150,500	0.36%		
Algonquin Gas Trans Co.	15,592,300	0.35%		
O'Dowd's, Inc.	15,222,000	0.34%		
Milwe, Jane	14,290,000	0.32%		
RCS Montville LLC	<u>13,902,000</u>	<u>0.31%</u>		
	<u>\$ 250,811,300</u>	<u>5.57%</u>		
Pernwil Assoc.			43,726,900	1.54%
Stanley Karczynski			32,000,000	1.13%
Newark Morning Ledger			17,000,000	0.60%
Milwe, Jane			11,272,100	0.40%
Bayer Healthcare			10,109,100	0.36%
O'Dowd's, Inc.			9,600,700	0.34%
O'Dowd's Inc.			9,362,500	0.33%
Stanley Karczynski			9,000,000	0.32%
O'Dowd's, Inc.			7,394,200	0.26%
Parsippany RE Assoc, LLC			<u>7,160,000</u>	<u>0.25%</u>
			<u>156,625,500</u>	<u>5.52%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 58,182,889	\$ 58,182,889	100.00%	N/A
2010	60,352,381	60,352,381	100.00%	N/A
2011	62,255,176	60,067,241	96.49%	\$ 2,187,935
2012	63,185,837	63,185,837	100.00%	N/A
2013	63,672,519	63,672,519	100.00%	N/A
2014	64,762,751	64,762,751	100.00%	N/A
2015	66,018,760	66,018,760	100.00%	N/A
2016	67,293,875	67,293,875	100.00%	N/A
2017	68,592,541	68,592,541	100.00%	N/A
2018	69,857,796	69,857,796	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Business-Type Activities			
2009	\$ 24,225,000		\$ 24,225,000	20,952	\$ 1,156
2010	22,665,000		22,665,000	21,000	1,079
2011	21,060,000		21,060,000	21,526	978
2012	19,395,000		19,395,000	21,623	897
2013	17,655,000		17,655,000	21,677	814
2014	15,840,000		15,840,000	21,735	729
2015	13,940,000		13,940,000	21,770	640
2016	11,610,000		11,610,000	21,786	533
2017	9,570,000		9,570,000	21,718	441
2018	25,064,000		25,064,000	21,681	1,156

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2009	\$ 24,225,000		\$ 24,225,000	0.85%	\$ 1,156
2010	22,665,000		22,665,000	0.80%	1,079
2011	21,060,000		21,060,000	0.74%	978
2012	19,395,000		19,395,000	0.43%	897
2013	17,655,000		17,655,000	0.39%	814
2014	15,840,000		15,840,000	0.35%	729
2015	13,940,000		13,940,000	0.31%	640
2016	11,610,000		11,610,000	0.26%	533
2017	9,570,000		9,570,000	0.21%	441
2018	25,064,000		25,064,000	0.56%	1,156

Source: District records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF DECEMBER 31, 2017  
 (Unaudited)**

Direct Debt: (1)	
Montville Township Public Schools (as of June 30, 2018)	\$ 25,065,887
Township of Montville, Net Debt	<u>19,308,521</u>
	<u>44,374,408</u>
Overlapping Debt Apportioned to the Municipality:	
County of Morris (A)	11,090,917
Fire Districts	(B) <u>-</u>
	<u>11,090,917</u>
Total Direct and Overlapping Debt	<u>\$ 55,465,325</u>

Source:

(1) Township's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to Montville Township Public Schools by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Morris County.

(B) Information not available.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 214,523,636	\$ 218,808,192	\$ 215,740,203	\$ 208,476,565	\$ 200,548,364	\$ 195,199,478	\$ 192,942,336	\$ 192,652,986	\$ 196,187,592	\$ 198,785,373
Total net debt applicable to limit	<u>24,883,341</u>	<u>22,665,000</u>	<u>21,060,000</u>	<u>19,395,000</u>	<u>-</u>	<u>15,840,000</u>	<u>13,940,000</u>	<u>11,610,000</u>	<u>9,570,000</u>	<u>25,065,887</u>
Legal debt margin	<u>\$ 189,640,295</u>	<u>\$ 196,143,192</u>	<u>\$ 194,680,203</u>	<u>\$ 189,081,565</u>	<u>\$ 200,548,364</u>	<u>\$ 179,359,478</u>	<u>\$ 179,002,336</u>	<u>\$ 181,042,986</u>	<u>\$ 186,617,592</u>	<u>\$ 173,719,486</u>
Total net debt applicable to the limit as a percentage of debt limit	11.60%	10.36%	9.76%	9.30%	0.00%	8.11%	7.22%	6.03%	4.88%	12.61%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Equalized valuation basis	
2017	\$ 5,053,716,286
2016	5,027,460,020
2015	<u>4,827,726,649</u>
	<u>\$ 14,908,902,955</u>
Average equalized valuation of taxable property	<u>\$ 4,969,634,318</u>
Debt Limit (4% of average equalization value)	198,785,373
Total Net Debt Applicable to Limit	<u>25,065,887</u>
Legal debt margin	<u>\$ 173,719,486</u>

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	20,952	\$ 72,172	4.10%
2010	21,000	74,210	4.10%
2011	21,526	71,361	4.00%
2012	21,623	74,460	4.10%
2013	21,677	77,207	5.50%
2014	21,735	80,027	4.60%
2015	21,770	80,868	3.80%
2016	21,786	83,687	3.70%
2017	21,718	87,696	3.60%
2018	21,681	89,065	not available

Source: New Jersey State Department of Education



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

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	333	342	272	273	276	277	277	275	297	288
Special Education	71	69	121	92	88	91	97	99	84	168
Other Instruction	35	31	3	3	3	3	3	3	3	18
School Sponsored Activities/Athletics	3	3	2	2	2	2	2	2	2	3
Support Services:										
Student & Instruction Related Services	104	84	86	147	174	185	192	208	202	133
General Administration	5	5	6	6	15	16	17	17	26	26
School Administrative Services	27	27	22	25	26	25	25	25	36	14
Central Services	13	14	15	15	6	7	7	7	9	8
Plant Operations and Maintenance	83	66	32	34	36	36	38	35	13	18
Plant Operations and Maintenance	1	1	1	1	1	1	1	1	1	1
Total	<u>675</u>	<u>642</u>	<u>560</u>	<u>598</u>	<u>627</u>	<u>643</u>	<u>659</u>	<u>672</u>	<u>673</u>	<u>677</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage	
					Teaching Staff	Elementary	Middle School					
2009	4,264	\$ 64,440,236	\$ 15,113	1.88%	397	1:10	1:11	1:11	4,231	4,061	-0.70%	95.98%
2010	4,288	65,991,962	15,390	1.83%	368	1:10	1:12	1:13	4,263	4,092	0.76%	95.99%
2011	4,271	65,326,748	15,295	-0.61%	356	1:17	1:15	1:15	4,218	4,039	-1.06%	95.76%
2012	4,166	66,719,325	16,015	4.71%	351	1:17	1:14	1:14	4,140	3,992	-1.85%	96.43%
2013	4,095	70,629,473	17,248	7.70%	364	1:16	1:15	1:14	4,069	3,912	-1.71%	96.14%
2014	3,989	69,963,858	17,539	1.69%	368	1:16	1:15	1:14	3,980	3,831	-2.19%	96.26%
2015	3,915	75,332,750	19,242	9.71%	375	1:15	1:15	1:12	3,886	3,755	-2.36%	96.63%
2016	3,777	77,663,122	20,562	6.86%	374	1:15	1:15	1:12	3,773	3,642	-2.91%	96.53%
2017	3,734	82,432,285	22,076	7.36%	384	1:9	1:10	1:11	3,704	3,572	-1.83%	96.44%
2018	3,699	85,326,716	23,068	4.49%	384	1:9	1:10	1:11	3,600	3,465	-2.81%	96.25%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b><u>Cedar Hill Elementary</u></b>										
Square Feet	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262
Capacity (students)	437	437	437	437	437	437	437	437	437	437
Enrollment	381	384	394	381	329	346	340	332	296	381
<b><u>Hilldale Elementary</u></b>										
Square Feet	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055	37,055
Capacity (students)	423	423	423	423	423	423	423	423	423	423
Enrollment *	375	392	390	371	370	357	365	360	339	375
<b><u>William Mason Elementary</u></b>										
Square Feet	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031
Capacity (students)	351	351	351	351	351	351	351	351	351	351
Enrollment	365	340	315	308	282	271	267	271	264	365
<b><u>Valley View Elementary</u></b>										
Square Feet	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725
Capacity (students)	490	490	490	490	490	490	490	490	490	490
Enrollment *	375	424	399	410	427	419	416	409	428	375
<b><u>Woodmont Elementary</u></b>										
Square Feet	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	353	360	367	342	329	320	298	266	278	353
<b><u>Robert R. Lazar Middle School</u></b>										
Square Feet	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682
Capacity (students)	897	897	897	897	897	897	897	897	897	897
Enrollment	1,034	1,033	685	964	966	978	967	928	910	1,034
<b><u>Montville High School</u></b>										
Square Feet	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515
Capacity (students)	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Enrollment	1,265	1,340	1,368	1,364	1,336	1,289	1,233	1,207	1,219	1,265

Number of Schools at June 30, 2018

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

Source: District Records

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

	<u>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>
<b>School Facilities</b>										
Cedar Hill School	\$ 67,006	\$ 76,923	\$ 76,663	\$ 76,303	\$ 87,764	\$ 81,186	\$ 81,670	\$ 74,845	\$ 79,388	\$ 85,284
Hilldale School	53,670	61,614	61,405	61,117	70,298	65,029	65,416	59,949	63,962	68,311
William Mason School	53,636	61,574	61,366	61,078	70,252	64,986	65,374	59,910	58,950	68,267
Valley View School	79,263	90,994	102,873	90,262	103,820	96,038	96,610	88,537	88,743	100,886
Woodmont School	62,371	71,602	71,361	71,026	81,693	75,570	76,021	69,668	76,702	79,385
Robert R. Lazar Middle School High School	154,518	177,387	176,789	175,959	202,388	187,217	188,334	172,596	179,042	196,669
	<u>310,726</u>	<u>369,989</u>	<u>368,742</u>	<u>367,011</u>	<u>422,137</u>	<u>390,495</u>	<u>392,824</u>	<u>359,997</u>	<u>394,127</u>	<u>403,743</u>
Total School Facilities	<u>781,190</u>	<u>910,083</u>	<u>919,199</u>	<u>902,756</u>	<u>1,038,352</u>	<u>960,521</u>	<u>966,249</u>	<u>885,502</u>	<u>940,914</u>	<u>1,002,545</u>
Other Facilities	<u>9,415</u>	<u>10,807</u>	<u>10,772</u>	<u>10,722</u>	<u>12,330</u>	<u>11,407</u>	<u>11,475</u>	<u>11,363</u>	<u>2,161</u>	<u>6,462</u>
Grand Total	<u>\$ 790,605</u>	<u>\$ 920,890</u>	<u>\$ 929,971</u>	<u>\$ 913,478</u>	<u>\$ 1,050,682</u>	<u>\$ 971,928</u>	<u>\$ 977,724</u>	<u>\$ 896,865</u>	<u>\$ 943,075</u>	<u>\$ 1,009,007</u>

Source: District Records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2018**  
**(Unaudited)**

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

Source: District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Montville Township Public Schools' basic financial statements and have issued our report thereon dated January 28, 2019.

***Internal Control Over Financial Reporting***

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

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



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


***Compliance and Other Matters***


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Montville Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 28, 2019.

***Purpose of this Report***

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

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
January 28, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Montville Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Montville Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2018. The Montville Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

#### ***Report on Internal Control Over Compliance***

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

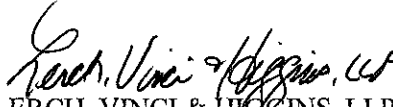
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montville Township Public Schools as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 28, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
January 28, 2019

MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Adjustments	Refund of Prior Year Balances	Balance, June 30, 2018			MEMO GAAP Receivable	
													(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Health and Human Services																	
Passed-through State Department of Education																	
<b>General Fund</b>																	
Medical Assistance Program (SEMI)	93.778	1805NJSMAP	Not Available	7/1/17-6/30/18	5,111	-	-	\$ 5,111	\$ 5,111	-	-	-	-	-	-	-	-
U.S. Department of Education																	
Passed-through State Department of Education																	
<b>Special Revenue Fund:</b>																	
I.D.E.A. Part B, Basic	84.027	H027A170100	FT-3340-18	7/1/17-6/30/18	\$ 746,077		\$ 74,218	547,934	669,010	\$ (74,218)			\$ (272,361)	\$ 151,285		\$ 121,076	
I.D.E.A. Part B, Basic	84.027	H027A160100	FT-3340-17	7/1/16-6/60/17	766,335	\$ (727,103)	(74,218)	727,103		74,218							
I.D.E.A. Preschool	84.173	H173A170114	FT-3340-18	7/1/17-6/30/18	27,815		167	14,836	14,987	(167)			(13,146)	12,995		151	
I.D.E.A. Preschool	84.173	H173A160114	FT-3340-17	7/1/16-6/60/17	28,139	(28,290)	(167)	28,290		167							
Total Special Education Cluster						(755,393)	-	1,318,163	683,997	-	-	-	(285,507)	164,280	-	121,227	
ESEA - Title III	84.365	S365A170030	NCLB334018	7/1/17-6/30/18	13,535		6,088	12,517	14,203	(6,088)			(7,106)	5,420		1,686	
NCLB - Title III	84.365	S365A160030	NCLB334017	7/1/16-6/30/17	19,573	(722)	(6,088)	722		6,088							
NCLB - Title III-Immigrant	84.365	S365A160030	NCLB334017	7/1/16-6/30/17	5,466	(5,637)	-	5,637		-							
Total NCLB - Title III Cluster						(6,359)	-	18,876	14,203	-	-	-	(7,106)	5,420	-	1,686	
ESEA - Title I	84.010	S010A170030	NCLB334018	7/1/17-6/30/18	102,453		3,615	67,446	103,627	(3,615)			(38,622)	2,441		36,181	
NCLB - Title I	84.010	S010A160030	NCLB334017	7/1/16-6/30/17	102,189	(48,558)	(3,615)	48,558		3,615							
ESEA - Title IIA	84.367	S367A170029	NCLB334018	7/1/17-6/30/18	53,007		7,666	23,163	32,937	(7,666)			(37,510)	27,736		9,774	
NCLB - Title IIA	84.367	S367A160029	NCLB334017	7/1/16-6/30/17	37,729	(12,842)	(7,666)	12,842		7,666							
ESEA - Title IV	84.424	S424A170031	NCLB334018	7/1/17-6/30/18	10,000			5,000	7,100				(5,000)	2,900		2,100	
Temporary Emergency Impact Aid	84.938C	S938C18005	Not Available	7/1/17-6/30/18	6,750	-	-	-	6,750	-	-	-	(6,750)	-	-	6,750	
Total Special Revenue Fund						(823,152)	-	1,494,048	848,614	-	-	-	(380,495)	202,777	-	177,718	
Total Federal Financial Awards						\$ (823,152)	\$ -	\$ 1,499,159	\$ 853,725	\$ -	\$ -	\$ -	\$ (380,495)	\$ 202,777	\$ -	\$ 177,718	

134

MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2018			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 1,637,107				\$ 1,491,082	\$ 1,637,107				\$ (146,025)			\$ 1,637,107
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,434,192	\$ (131,887)			131,887								
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	70,614				64,315	70,614				(6,299)		70,614	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	70,614	(6,494)			6,494								
FARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	39,280				35,776	39,280				(3,504)		39,280	
FARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	39,280	(3,612)			3,612								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	39,280				35,776	39,280				(3,504)		39,280	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	39,280	(3,612)			3,612								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	37,010				33,710	37,010				(3,300)		37,010	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	37,010	(3,403)			3,403								
Total State Aid Public Cluster				(149,008)	-	-	1,809,667	1,823,291	-	-	-	(162,632)	-	-	1,823,291
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	259,947				236,760	259,947				(23,187)		259,947	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	259,947	(23,904)			23,904								
Nonpublic Transportation Reimbursement	not available	7/1/17-6/30/18	58,725					58,725				(58,725)		\$ (58,725)	58,725
Nonpublic Transportation Reimbursement	not available	7/1/16-6/30/17	37,150	(37,150)			37,150								
Transportation Aid Cluster				(61,054)	-	-	297,814	318,672	-	-	-	(81,912)	-	-	(58,725)
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	2,688,937					2,688,937				(2,688,937)		2,688,937	
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	2,817,481	(2,817,481)			2,817,481								
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	4,840				4,840	4,840						4,840	
On Behalf TPAF															
Pension Contribution	18-495-034-5094-002	7/1/17-6/30/18	4,840,186				4,840,186	4,840,186						4,840,186	
Pension Contribution - NCGI	18-495-034-5094-004	7/1/17-6/30/18	117,459				117,459	117,459						117,459	
Post Retirement Medical Contr.	18-495-034-5094-001	7/1/17-6/30/18	3,202,038				3,202,038	3,202,038						3,202,038	
Long Term Disability Insurance Contribution	18-495-034-5094-004	7/1/17-6/30/18	7,407				7,407	7,407						7,407	
Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,534,512				2,409,962	2,534,512				(124,550)		(124,550)	2,534,512
Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,508,506	(124,097)			124,097								
Total General Fund				(3,151,640)	-	-	15,630,951	15,537,342	-	-	-	(3,058,031)	-	-	(183,275)
<b>Special Revenue Fund:</b>															
<b>New Jersey Nonpublic Aid</b>															
<b>Auxiliary Services</b>															
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	5,138				5,138	4,252					\$ 886		4,252
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	8,958		\$ 2,230					\$ 2,230					
ESL	17-100-034-5120-067	7/1/16-6/30/17	457		457					457					
Total Chapter 192 Cluster					2,687		5,138	4,252		2,687			886		4,252
<b>Handicapped Services</b>															
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	14,741				14,741	9,483						5,258	9,483
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	13,866			1,261					1,261				
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	20,534				20,534	13,097						7,437	13,097
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	17,317			1,502					1,502				
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	10,308				10,308	5,656						4,652	5,656
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	7,847			471					471				
Total Chapter 193 Cluster					3,234		45,583	28,236			3,234			17,347	28,236
<b>New Jersey Nonpublic Aid</b>															
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	16,708				16,708	15,603						1,105	15,603
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	19,598			469					469				
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	29,779				29,779	29,779							29,779
Technology	17-100-034-5120-373	7/1/17-6/30/18	11,285				11,285	10,778						507	10,778
Security	18-100-034-5120-509	7/1/17-6/30/18	23,025				23,025	22,493						532	22,493
Security	17-100-034-5120-509	7/1/16-6/30/17	17,100			200					200				
Total Special Revenue Fund					6,590		131,518	111,141			6,590			20,377	111,141

135

MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2018			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>Debt Service Fund</b>															
Debt Service Aid	18-100-034-5120-075	7/1/17-6/30/18	\$ 153,482	-	-	-	\$ 153,482	\$ 153,482	-	-	-	-	-	-	\$ 153,482
Total Debt Service Fund				-	-	-	153,482	153,482	-	-	-	-	-	-	153,482
<b>Capital Projects Fund:</b>															
State Economic Development Authority															
Educational Facilities Construction & Financing Act (School Development Authority):															
Security System Upgrade															
Montville High School	3340-010-09-OUAB		75,658	\$ (75,173)			75,658	\$ 485							75,658
Cedar Hill Elementary School	3340-025-09-OUAD		49,704	(49,385)			49,704	319							49,704
Robert R. Lezar Middle School	3340-030-09-OUAF		50,868	(50,541)			50,868	327							50,868
Hilldale Elementary School	3340-050-09-OUAH		45,235	(44,944)			45,235	291							45,235
Valley View Elementary	3340-055-09-GUAI		47,983	(47,676)			47,983	307							47,983
William Mason Elementary	3340-065-09-GUAI		42,805	(42,530)			42,805	275							42,805
Woodmont Elementary	3340-070-09-OUAK		45,708	(45,415)			45,708	293							45,708
Total Capital Projects Fund				(355,664)	-	-	357,961	2,297	-	-	-	-	-	-	357,961
Total State Financial Assistance				(3,507,304)	\$ 6,590	-	16,273,912	\$ 15,804,262	-	\$ 6,590	\$ (3,058,031)	-	\$ 20,377	\$ (183,275)	16,159,926
State Financial Assistance Programs Not Subject to Calculation for Single Audit and Major Program Determination				-	-	-	(8,167,090)	(8,167,090)	-	-	-	-	-	-	(8,167,090)
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination				\$ (3,507,304)	\$ 6,590	\$ -	\$ 8,106,822	\$ 7,637,172	\$ -	\$ 6,590	\$ (3,058,031)	\$ -	\$ 20,377	\$ (183,275)	\$ 7,992,836

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$115,637 for the general fund. There is no adjustment for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,111	\$ 15,652,979	\$ 15,658,090
Special Revenue Fund	848,614	111,141	959,755
Capital Projects Fund		2,297	2,297
Debt Service Fund	-	153,482	153,482
	<u>          </u>	<u>          </u>	<u>          </u>
Total Financial Assistance	\$ 853,725	\$ 15,919,899	\$ 16,773,624



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$2,534,512 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$4,957,645 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,202,038, and TPAF Long-Term Disability Insurance in the amount of \$7,407 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards Section**

Internal Control over major programs:

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

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

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program
<u>84.027</u>	<u>H027A170100</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>H173A170114</u>	<u>IDEA Preschool</u>

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

Auditee qualified as low-risk auditee?            yes   X   no

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section I – Summary of Auditor's Results*

**State Awards Section**

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes  no

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08? \_\_\_\_\_ yes  no

Identification of major programs:

GMIS Number(s)	Name of State Program
18-495-034-5120-089	Special Education Aid
18-495-034-5120-084	Security Aid
18-100-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5094-003	Reimbursed TPAF Social Security Contributions
18-100-034-5120-473	Extraordinary Aid
_____	_____

Dollar threshold used to determine between type A and type B programs: \_\_\_\_\_ \$750,000 \_\_\_\_\_

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section II - Schedule of Financial Statement Findings*

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

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.