



**Montville Township
Public Schools™**

EDUCATE. INSPIRE. EMPOWER.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Year-Ended June 30, 2019

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, 2019**

**Prepared by
Business Office**

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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

November 11, 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, 2019 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, 2019, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the district's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the independent 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 Governmental Accounting Standards Board (G.A.S.B.). 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 2018-2019 fiscal year with an enrollment of 3,600 students, including out-of-district placements, which is 99 students less than that of the previous year. The following details the changes in student enrollment of the last ten years:

Fiscal Year	Student Enrollment	Percent Change
2018-2019	3600	- 2.7%
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%
2010-2011	4218	- 1.1%
2009-2010	4263	+ 0.8%

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 2018-2019 school year, the high school offered 27 Advance Placement (AP) courses in a variety of academic areas. Over 95% of the 2019 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, 2019.

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

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

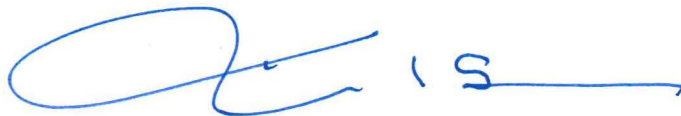
OTHER INFORMATION: The State statues require an annual audit by independent certified public accountants or registered municipal accountants to be completed for all school districts. The accounting firm of Lerch, Vinci and Higgins was selected by the Board in 1992 and subsequently has been re-appointed 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,



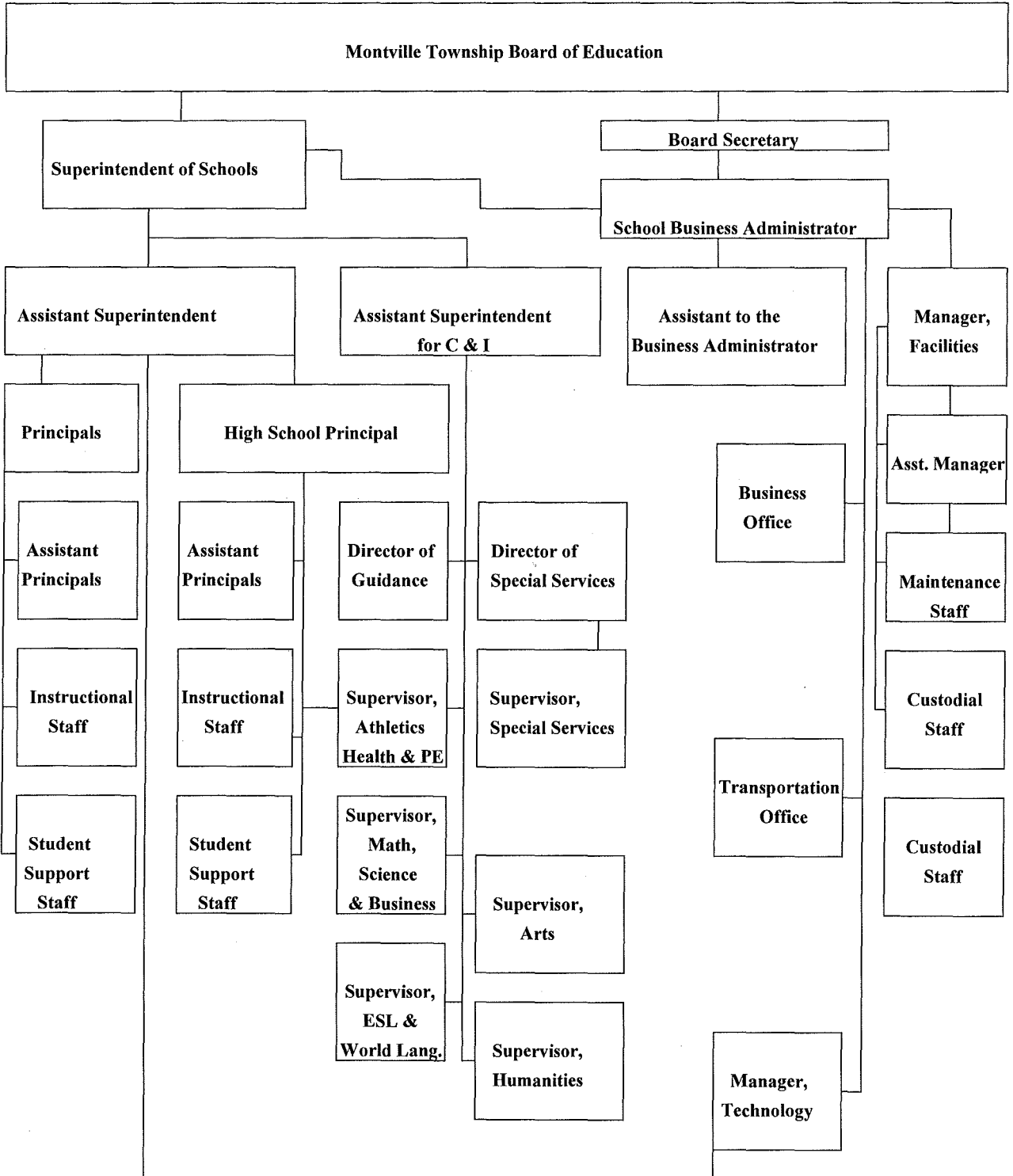
Rene T. Rovtar
Superintendent of Schools
Montville Township Public Schools



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

**MONTVILLE TOWNSHIP
BOARD OF EDUCATION
Organizational Chart**

as of June 30, 2019



**MONTVILLE TOWNSHIP
BOARD OF EDUCATION
Roster of Officials**

as of June 30, 2019

Members of the Board of Education

Term Expires

Charles Grau	President	2021
Michael Palma	Vice President	2020
Karen Cortellino	Member	2021
Joseph Daughtry	Member	2020
David Modrak	Member	2021
John Morella	Member	2019
Michael O'Brien	Member	2019
Michael Rappaport	Member	2019
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 & Instruction
Board Attorney	The Weiner Group

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

as of June 30, 2019

Audit Firm

LERCH, VINCI & HIGGINS
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, 2019 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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

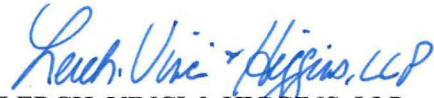
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montville Township Public Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical 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 November 11, 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
November 11, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONTVILLE TOWNSHIP BOARD OF EDUCATION
Management Discussion and Analysis for the Year Ended June 30, 2019
(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, 2019. 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, 2019. 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 Activities 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 Activities 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. No. 68, *Accounting and Financial Reporting for Pensions* and G.A.S.B. No. 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 Statements- of Activities, resulting in a negative net position when combined with the positive operating position, as noted below.

In the Statement of Net Position and Statement of Activities, 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 Activities) 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, Expenses 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 Activities).

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 Activities, because the district cannot use the funds in its operations.

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.

MONTVILLE TOWNSHIP BOARD OF EDUCATION
Management Discussion and Analysis for the Year Ended June 30, 2019
(Unaudited)

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 12th. 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.

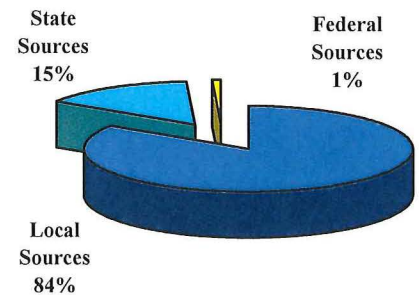
The district's ability to provide these exceptional learning experiences to the students of Montville Township requires strong fiscal management. To that end, the district manages its fiscal spending through the development of an annual budget in accordance with the New Jersey State statutes. This budget 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 2018-2019 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 75.4% 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 2018-2019 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 2018-2019 school year are noted below under *Viewing the Governmental 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 decreased by 12.96% from that of the previous year. In 2017-2018, the district issued \$17,604,000 in debt through a 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. This was not a recurring event in 2018-2019, resulting in the noted decrease; however, the decrease was partially offset by a 2% increase in tax levy collected for the 2018-2019 school year. An increase in State Sources included additional funding from the State for employee and post-retirement benefits. The remaining changes related to an increase in Federal Sources from an incline in federal grants.

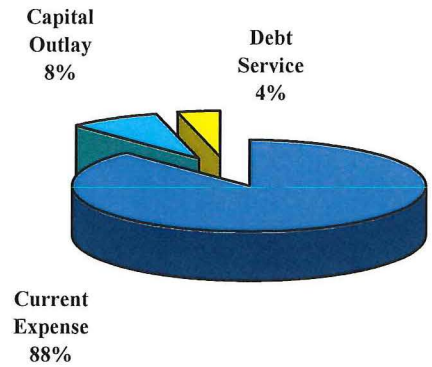
Revenue Source	2019	2018	Variance	Variance
Local Sources	\$ 72,813,491	\$ 88,638,521	\$ (15,825,030)	(17.85) %
State Sources	17,904,357	15,919,899	1,984,457	12.47 %
Federal Sources	1,028,649	853,725	174,925	20.49 %
TOTAL	\$ 91,746,497	\$ 105,412,145	\$ (13,665,648)	(12.96) %



As seen in the below schedule, the Governmental Expenditures increased by 7.66% over that of the previous year. The increase in Support Services related to additional services for students with special needs. 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, 2019
(Unaudited)

Expenditure Use	2019	2018	Variance	Variance
Current:				
Instructional	\$ 54,378,244	\$ 54,327,360	\$ 50,884	0.09 %
Support Services	32,489,681	30,999,356	2,390,325	7.71 %
Capital Outlay	7,983,355	3,124,210	4,859,145	155.53 %
Debt Service:				
Principal	2,949,873	2,760,055	189,818	6.88 %
Interest & Other	809,279	379,263	430,016	113.38 %
TOTAL	\$ 98,610,432	\$ 91,590,244	\$ 7,020,188	7.66 %



Viewing the District as a Whole:

The net outcome of the Government Funds resulted in a negative net change in fund balance of \$3,903,665; this negative change is the result of the District expending previously realized bond proceeds as the capital referendum projects continue. These Governmental Funds are adjusted for assets, deferred outflows/inflows 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	
	2019	2018	2019	2018
Current & Other Assets	\$ 17,015,345	\$ 20,845,320	\$ 52,117	\$ (7,110)
Capital Assets, net	<u>38,086,585</u>	<u>32,046,784</u>	<u>87,592</u>	<u>78,255</u>
Total Assets	\$ 55,101,930	\$ 52,892,104	\$ 139,709	\$ 71,145
Deferred Outflows of Resources	\$ 5,623,465	\$ 5,145,145	\$ 0	\$ 0
Total Assets & Deferred Outflows	\$ 60,725,395	\$ 58,037,249	\$ 139,709	\$ 71,145
Long-Term Liabilities	\$ 42,763,399	\$ 43,289,956	\$ 0	\$ 0
Other Liabilities	<u>1,017,912</u>	<u>953,425</u>	<u>10,470</u>	<u>18,371</u>
Total Liabilities	\$ 43,781,311	\$ 44,243,381	\$ 10,470	\$ 18,371
Deferred Inflows of Resources	\$ 5,483,142	\$ 3,653,407	\$ 0	\$ 0
Total Liabilities & Deferred Inflows	\$ 49,264,453	\$ 47,896,788	\$ 10,470	\$ 18,371
Net Investment in Capital Assets	\$ 20,418,850	\$ 21,739,659	\$ 87,592	\$ 78,255
Restricted Balances	3,551,146	2,610,555	0	0
Operating Unrestricted (deficit)	<u>(12,509,054)</u>	<u>(14,209,753)</u>	<u>41,647</u>	<u>(25,481)</u>
Total Net Position	\$ 11,460,942	\$ 10,140,461	\$ 129,239	\$ 52,774

MONTVILLE TOWNSHIP BOARD OF EDUCATION
Management Discussion and Analysis for the Year Ended June 30, 2019
(Unaudited)

As mentioned above, many factors adjusted the Governmental Funds to present them as Governmental Activities on the Statement of Net 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. No. 68, *Accounting and Financial Reporting for Pensions* and G.A.S.B. No. 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 2018 and 2019 year-end. When comparing the two years, the district's Net Position from Governmental Activities improved by 13.02%, as a result of operational savings in the general fund and interest earned on unused capital resources. As for the Business-Type Activities, which include the district's food service and after-care programs, both had profitable years increasing their Net Position by 144.89% over the previous year

The Statement of Activities 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 changes in the Governmental Funds and Business-Type Activities discussed above.

Summary of Change in Net Position	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
REVENUES				
Program Revenues:				
Charges for Service	\$ 520,232	\$ 463,902	\$ 1,847,567	\$ 1,717,142
Grants and Contributions	27,436,953	33,233,132	0	0
General Revenues:				
Property Taxes	\$ 71,633,579	\$ 69,857,796	\$ 0	\$ 0
Grants and Entitlements	116,864	251,579	0	0
Other General Revenues	585,181	620,869	51,189	45,988
Total Revenues	\$ 100,292,809	\$ 104,427,278	\$ 1,898,756	\$ 1,763,130
EXPENSES				
Instruction	\$ 62,748,340	\$ 68,405,802	\$ 0	\$ 0
Support Services:				
Pupil and Instructional Services	16,137,229	16,768,864	0	0
Administration, Operations & Maintenance	14,986,697	15,270,284	0	0
Pupil Transportation	4,357,915	4,221,021	0	0
Interest on Debt	742,147	483,432	0	0
Business-Type Activities	0	0	1,822,291	1,745,873
Total Expenses	\$ 98,972,328	\$ 105,149,403	\$ 1,822,291	\$ 1,745,873
Increase (Decrease) in Net Position	\$ 1,320,481	\$ (722,125)	\$ 76,465	\$ 17,257

MONTVILLE TOWNSHIP BOARD OF EDUCATION
Management Discussion and Analysis for the Year Ended June 30, 2019
(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's completion of the building improvements identified in the 2017 referendum resulted in \$6,039,801 additional net capital assets for Governmental Activities, a 18.85% increase over that of the previous year. As of June 30, 2019, the district had \$77,489,783 in capital assets, with \$39,403,198 of accumulated depreciation, related to Governmental Activities.

Summary of Capital Assets	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Sites & Site Improvements, net	\$ 2,774,793	\$ 3,838,645	\$ 0	\$ 0
Construction in Progress	9,861,197	2,499,395	0	0
Buildings & Building Improvements, net	24,092,213	24,604,189	0	0
Machinery & Equipment, net	<u>1,358,382</u>	<u>1,104,555</u>	<u>87,592</u>	<u>78,255</u>
Capital Assets, net	<u>\$ 38,086,585</u>	<u>\$ 32,046,784</u>	<u>\$ 87,592</u>	<u>\$ 78,255</u>

Viewing of Debt Administration:

Long-Term Debt was included in the Statement of Net Position for the Governmental and Business-Type Activities. These balances include compensated absences (\$716,249), outstanding capital leases (\$3,595,574), net pension liabilities (\$15,213,348) and outstanding serial bonds for the district's construction projects (\$22,884,000). For the serial bonds, the related issuance is noted below:

Summary of Outstanding Bonded Debt	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
2008 Refunding Bonds	\$ 2,010,000	\$ 2,630,000	\$ 0	\$ 0
2016 Refunding Bonds	3,270,000	3,995,000	0	0
2018 Bond Issuance	17,604,000	17,604,000	<u>0</u>	<u>0</u>
Plus: Unamortized Premium on Refunding Bonds	<u>354,228</u>	<u>454,237</u>	<u>0</u>	<u>0</u>
Outstanding Bonded Debt	<u>\$ 23,238,228</u>	<u>\$ 25,518,237</u>	<u>\$ 0</u>	<u>\$ 0</u>

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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 14,033,324	\$ 219,205	\$ 14,252,529
Receivables, net			
Receivables from Other Governments	339,558		339,558
Accounts	26,832	6,629	33,461
Inventories		5,722	5,722
Internal Balances	179,439	(179,439)	
Restricted Assets			
Cash and Cash Equivalents	2,436,192		2,436,192
Capital Assets			
Not Being Depreciated	9,861,197		9,861,197
Being Depreciated, Net	28,225,388	87,592	28,312,980
	<u>55,101,930</u>	<u>139,709</u>	<u>55,241,639</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	5,559,038		5,559,038
Deferred Amount on Refunding of Debt	64,427	-	64,427
	<u>5,623,465</u>	<u>-</u>	<u>5,623,465</u>
Total Deferred Outflows of Resources			
	<u>5,623,465</u>	<u>-</u>	<u>5,623,465</u>
Total Assets and Deferred Outflows of Resources	<u>60,725,395</u>	<u>139,709</u>	<u>60,865,104</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	446,526	10,470	456,996
Payable to Other Governments	6,290		6,290
Unearned Revenue	240,196		240,196
Accrued Interest Payable	324,900		324,900
Noncurrent Liabilities			
Due Within One Year	3,314,602		3,314,602
Due Beyond One Year	39,448,797		39,448,797
	<u>43,781,311</u>	<u>10,470</u>	<u>43,791,781</u>
Total Liabilities			
	<u>43,781,311</u>	<u>10,470</u>	<u>43,791,781</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	5,483,142	-	5,483,142
	<u>5,483,142</u>	<u>-</u>	<u>5,483,142</u>
Total Deferred Inflows of Resources			
	<u>5,483,142</u>	<u>-</u>	<u>5,483,142</u>
Total Liabilities and Deferred Inflows of Resources	<u>49,264,453</u>	<u>10,470</u>	<u>49,274,923</u>
NET POSITION			
Net Investment in Capital Assets	20,418,850	87,592	20,506,442
Restricted for:			
Capital Projects	3,151,146		3,151,146
Other Purposes	400,000		400,000
Unrestricted	(12,509,054)	41,647	(12,467,407)
	<u>11,460,942</u>	<u>129,239</u>	<u>11,590,181</u>
Total Net Position	<u>\$ 11,460,942</u>	<u>\$ 129,239</u>	<u>\$ 11,590,181</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, 2019**

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	\$ 40,157,687	\$ 244,142	\$ 9,635,541		\$ (30,278,004)		\$ (30,278,004)
Special Education	17,833,713		8,943,503		(8,890,210)		(8,890,210)
Other Instruction	2,139,832		572,260		(1,567,572)		(1,567,572)
School Sponsored Activities and Athletics							
	2,617,108		571,246		(2,045,862)		(2,045,862)
Support Services							
Student and Instruction Related Svcs.	16,137,229		4,170,782		(11,966,447)		(11,966,447)
General Administrative Services	3,245,763		377,073		(2,868,690)		(2,868,690)
School Administrative Services	4,075,860		1,071,169		(3,004,691)		(3,004,691)
Plant Operations and Maintenance	5,683,635		528,224		(5,155,411)		(5,155,411)
Pupil Transportation	4,357,915	276,090	1,033,594		(3,048,231)		(3,048,231)
Business Services	1,981,439		495,425		(1,486,014)		(1,486,014)
Interest on Long-Term debt	742,147		38,136		(704,011)		(704,011)
Total Governmental Activities	98,972,328	520,232	27,436,953	-	(71,015,143)	-	(71,015,143)
Business-Type Activities							
Food Service	965,029	937,022				\$ (28,007)	(28,007)
Extended Day Learning Center	857,262	910,545	-			53,283	53,283
Total Business-Type Activities	1,822,291	1,847,567	-	-	-	25,276	25,276
Total Primary Government	\$100,794,619	\$ 2,367,799	\$ 27,436,953	\$ -	(71,015,143)	25,276	(70,989,867)
General Revenues and Transfers:							
Property Taxes, Levied for General Purposes, Net					68,887,049		68,887,049
Taxes Levied for Debt Service					2,746,530		2,746,530
State Aid - Unrestricted					10,308		10,308
State Aid - Restricted for Debt Service					106,556		106,556
Investment Earnings					431,904	1,862	433,766
Miscellaneous Income					202,604		202,604
Transfers					(49,327)	49,327	-
Total General Revenues and Transfers					72,335,624	51,189	72,386,813
Change in Net Position					1,320,481	76,465	1,396,946
Net Position, Beginning of Year					10,140,461	52,774	10,193,235
Net Position, End of Year					\$ 11,460,942	\$ 129,239	\$ 11,590,181

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

FUND FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,831,368		\$ 8,075,272	\$ 126,684	\$ 14,033,324
Receivables					
Due From Other Funds	295,774			248,659	544,433
Intergovernmental	183,626	\$ 155,932			339,558
Other	18,258	358			18,616
Restricted Assets:					
Cash with Fiscal Agents			2,436,192		2,436,192
Total Assets	<u>\$ 6,329,026</u>	<u>\$ 156,290</u>	<u>\$ 10,511,464</u>	<u>\$ 375,343</u>	<u>\$ 17,372,123</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 341,778	\$ 19,835	\$ 83,810		\$ 445,423
Due To Other Funds	1,103	108,119	248,659		357,881
Payable to Other Governments		6,290			6,290
Unearned Revenue	218,150	22,046			240,196
Total Liabilities	<u>561,031</u>	<u>156,290</u>	<u>332,469</u>	<u>-</u>	<u>1,049,790</u>
Fund Balances					
Restricted					
Capital Reserve	3,151,146				3,151,146
Maintenance Reserve	400,000				400,000
Excess Surplus	1,000,000				1,000,000
Capital Projects			10,178,995		10,178,995
Debt Service				\$ 375,343	375,343
Assigned					
Encumbrances	99,540				99,540
Designated for Subsequent Year's Budget	1,426,392				1,426,392
Unassigned	(309,083)	-	-	-	(309,083)
Total Fund Balances	<u>5,767,995</u>	<u>-</u>	<u>10,178,995</u>	<u>375,343</u>	<u>16,322,333</u>
Total Liabilities and Fund Balances	<u>\$ 6,329,026</u>	<u>\$ 156,290</u>	<u>\$ 10,511,464</u>	<u>\$ 375,343</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 \$77,489,783 and the accumulated depreciation is \$39,403,198.	38,086,585
Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2)	140,323
The District has financed capital assets through the issuance of general obligation bonds. The accrued interest at year end is:	(324,900)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2).	(42,763,399)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 11,460,942</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 68,887,049			\$ 2,746,530	\$ 71,633,579
Tuition	244,142				244,142
Transportation	276,090				276,090
Interest	182,053		\$ 249,851		431,904
Miscellaneous	202,604	\$ 25,172	-		227,776
Total - Local Sources	69,791,938	25,172	249,851	2,746,530	72,813,491
State Sources	17,691,777	67,888		144,692	17,904,357
Federal Sources	5,354	1,023,295	-	-	1,028,649
Total Revenues	87,489,069	1,116,355	249,851	2,891,222	91,746,497
EXPENDITURES					
Current					
Instruction					
Regular Instruction	33,897,215	126,331			34,023,546
Special Education Instruction	15,293,554	831,748			16,125,302
Other Instruction	1,882,113				1,882,113
School Sponsored Activities and Athletics	2,347,283				2,347,283
Support Services and Undistributed Costs					
Student and Instruction Related Services	14,181,481	132,084			14,313,565
General Administrative Services	3,075,689				3,075,689
School Administrative Services	3,591,464				3,591,464
Plant Operations and Maintenance	5,398,710	26,192			5,424,902
Pupil Transportation	4,345,410				4,345,410
Business/Central Services	1,738,651				1,738,651
Debt Service					
Principal	769,873			2,180,000	2,949,873
Interest and Other Charges	29,053			780,226	809,279
Capital Outlay	621,553	-	7,361,802	-	7,983,355
Total Expenditures	87,172,049	1,116,355	7,361,802	2,960,226	98,610,432
Excess (Deficiency) of Revenues Over Expenditures	317,020	-	(7,111,951)	(69,004)	(6,863,935)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	574,597		2,435,000		3,009,597
Transfers In				248,659	248,659
Transfers Out	(49,327)		(248,659)		(297,986)
Total Other Financing Sources and Uses	525,270	-	2,186,341	248,659	2,960,270
Net Change in Fund Balances	842,290	-	(4,925,610)	179,655	(3,903,665)
Fund Balance, Beginning of Year	4,925,705	-	15,104,605	195,688	20,225,998
Fund Balance, End of Year	\$ 5,767,995	\$ -	\$ 10,178,995	\$ 375,343	\$ 16,322,333

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, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (3,903,665)**

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	\$ (1,943,554)	
Capital Outlay - Additions	7,983,355	
		6,039,801

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

Debt Issued		
Capital Lease	(3,009,597)	
Principal Repayments		
Serial Bonds	2,180,000	
Capital Lease	769,873	
		(59,724)

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

Decrease in Accrued Interest	9,203	
Increase in Net Pension Liability	(871,637)	
Amortization of Original Issue Premium	100,009	
Amortization of Deferred Amount on Refunding	(42,080)	
Net Decrease in Compensated Absences	48,574	
		(755,931)

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 1,320,481**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	Business- Type Activities Enterprise Funds <hr/> Non - Major
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 219,205
Receivables	
Other	6,629
Inventory	<u>5,722</u>
Total Current Assets	<u>231,556</u>
Capital Assets	
Furniture, Machinery and Equipment	329,973
Less: Accumulated Depreciation	<u>(242,381)</u>
Total Capital Assets, Net	<u>87,592</u>
Total Assets	<u>319,148</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	10,470
Due to Other Funds	<u>179,439</u>
Total Current Liabilities	<u>189,909</u>
NET POSITION	
Net Investment in Capital Assets	87,592
Unrestricted	<u>41,647</u>
Total Net Position	<u><u>\$ 129,239</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, 2019**

	<u>Business-Type Activities Enterprise Fund Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 887,231
Special Functions	49,791
Program Fees	<u>910,545</u>
 Total Operating Revenues	 <u>1,847,567</u>
OPERATING EXPENSES	
Salaries and Wages	1,109,409
Management Fee	70,052
Other Purchased Services	19,549
Supplies and Materials	54,967
Utilities	75,000
Miscellaneous	49,387
Cost of Sales	434,015
Depreciation	<u>9,912</u>
 Total Operating Expenses	 <u>1,822,291</u>
 Operating Income	 <u>25,276</u>
NONOPERATING REVENUES	
Interest Income	<u>1,862</u>
 Total Nonoperating Revenues	 <u>1,862</u>
 Income Before Transfers	 27,138
 Transfer in	 <u>49,327</u>
 Change in Net Position	 76,465
 Net Position, Beginning of Year	 <u>52,774</u>
 Net Position, End of Year	 <u>\$ 129,239</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, 2019**

	<u>Business-Type Activities Enterprise Funds Non-Major</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	\$ 1,846,636
Payments for Employees Salaries and Benefits	(1,109,409)
Payments to Suppliers for Goods and Services	<u>(712,279)</u>
Net Cash Provided by Operating Activities	<u>24,948</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments to Other Funds	<u>77,038</u>
Net Cash Provided by Non-Capital Financing Activities	<u>77,038</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(19,249)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(19,249)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>1,862</u>
Net Cash Provided By Investing Activities	<u>1,862</u>
Net Change in Cash and Cash Equivalents	84,599
Cash and Cash Equivalents, Beginning of Year	<u>134,606</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 219,205</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 25,276</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	9,912
Change in Assets and Liabilities	
(Increase) / Decrease in Accounts Receivable	(931)
Increase / (Decrease) in Accounts Payable	(7,901)
Increase/(Decrease) in Other Current Liabilities	0
Increase / (Decrease) in Unearned Revenue	0
(Increase) / Decrease in Inventory	<u>(1,408)</u>
Total Adjustments	<u>(328)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 24,948</u></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, 2019**

	<u>Private Purpose Trust Funds</u>	<u>Escrow Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 10,538	\$ 91,843	\$ 359,002	\$ 1,676,006
Due from Other Funds				21,733
	<u>10,538</u>	<u>91,843</u>	<u>359,002</u>	<u>\$ 1,697,739</u>
LIABILITIES				
Due to Student Groups				\$ 289,665
Due to Other Funds		2,177	20,630	6,039
Intergovernmental Accounts Payable			13,966	
Accrued Salaries and Wages				5,944
Summer Savings				1,337,522
Reserve for Flex Spending				29,783
Reserve for Cobra				4,055
Payroll Deductions and Withholdings Payable				24,731
	<u>-</u>	<u>2,177</u>	<u>34,596</u>	<u>\$ 1,697,739</u>
NET POSITION				
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 10,538</u>	<u>\$ 89,666</u>	<u>\$ 324,406</u>	

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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Private Purpose Trust Funds	Escrow Fund	Unemployment Compensation Trust Fund
ADDITIONS			
Interest Earnings	\$ 18	\$ 1,660	\$ 5,794
Donations	200		
Board Contributions		10,000	
Employee Deductions		-	67,985
	<hr/>	<hr/>	<hr/>
Total Additions	218	11,660	73,779
DEDUCTIONS			
Scholarships Awarded	4,213		
Unemployment Claims and Contributions			183,877
Miscellaneous		6,108	-
	<hr/>	<hr/>	<hr/>
Total Deductions	4,213	6,108	183,877
Change in Net Position	(3,995)	5,552	(110,098)
Net Position, Beginning of Year	<hr/> 14,533	<hr/> 84,114	<hr/> 434,504
Net Position, End of Year	<hr/> <u>\$ 10,538</u>	<hr/> <u>\$ 89,666</u>	<hr/> <u>\$ 324,406</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, 2019**

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 2019, the District adopted the following GASB statements as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 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.

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by Lease-Purchase agreements for capital projects.

5. 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

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. 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.

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.

7. 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.

8. Pensions

In the district-wide financial statements and proprietary fund types in the fund 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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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.

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.

10. *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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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 - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

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

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 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.

11. 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. The District has no committed fund balances at year end.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. 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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 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, 2019**

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	\$ 22,884,000
Add: Issuance Premium (to be amortized over life of debt)	354,228
Capital Leases Payable	3,595,574
Compensated Absences	716,249
Net Pension Liability	<u>15,213,348</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ 42,763,399</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	\$ 5,559,038
Deferred Amount on Refunding (to be amortized as interest expense)	64,427
Deferred Inflows of Resources	
Deferred Amount on Net Pension Liability	<u>(5,483,142)</u>
	<u>\$ 140,323</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$1,160,947. The increase was funded by additional state aid appropriated, 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, 2019**

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 \$42,085 as of June 30, 2019. The District expects to eliminate this deficit through normal operations.

The District has an unassigned fund deficit of \$309,083 in the General Fund as of June 30, 2019 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 2018/2019 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 General Fund deficit in the GAAP (fund) financial statements of \$309,083 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, 2019**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 2,510,555
Increased by:		
Interest Earned	\$ 1,500	
Deposits Approved by Board Resolution	<u>639,091</u>	
		<u>640,591</u>
Balance, June 30, 2019		\$ <u>3,151,146</u>

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.

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 100,000
Increased by:		
Interest Earned	\$ 1,000	
Deposit by Board Resolution	<u>299,000</u>	
		<u>300,000</u>
Balance, June 30, 2019		\$ <u>400,000</u>

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, 2019 is \$1,000,000. This amount is required to be designated and appropriated in the 2020/2021 original budget certified for taxes.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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, 2019, the book value of the Board's deposits were \$18,826,110 and bank and brokerage firm balances of the Board's deposits amounted to \$21,239,677. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agents" are categorized as:

Depository Account

Insured	<u>\$ 21,239,677</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board's bank balances were exposed to custodial credit risk.

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, 2019, 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, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 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	\$ 18,258	\$ 358	\$ 6,629	\$ 25,245
Intergovernmental				
Federal		155,932		155,932
State	<u>183,626</u>	<u>-</u>	<u>-</u>	<u>183,626</u>
Gross Receivables	201,884	156,290	6,629	364,803
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 201,884</u>	<u>\$ 156,290</u>	<u>\$ 6,629</u>	<u>\$ 364,803</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	\$ 211,050
Prepayment of Tuition Fees	7,100
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>22,046</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 240,196</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, July 1, 2018	Increases	Adjustments/ Decreases	Balance, June 30, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 2,499,395	\$ 7,361,802	-	\$ 9,861,197
Total Capital Assets, Not Being Depreciated	<u>2,499,395</u>	<u>7,361,802</u>	<u>-</u>	<u>9,861,197</u>
Capital Assets, Being Depreciated:				
Buildings	55,086,911	196,590	\$ 2,994,722	58,278,223
Improvements Other Than Buildings	7,951,306		(2,994,722)	4,956,584
Machinery and Equipment	<u>3,968,816</u>	<u>424,963</u>	-	<u>4,393,779</u>
Total Capital Assets Being Depreciated	<u>67,007,033</u>	<u>621,553</u>	<u>-</u>	<u>67,628,586</u>
Less Accumulated Depreciation for:				
Buildings	(30,482,722)	(1,548,816)	(2,154,472)	(34,186,010)
Improvements Other Than Buildings	(4,112,661)	(223,602)	2,154,472	(2,181,791)
Machinery and Equipment	<u>(2,864,261)</u>	<u>(171,136)</u>	-	<u>(3,035,397)</u>
Total Accumulated Depreciation	<u>(37,459,644)</u>	<u>(1,943,554)</u>	<u>-</u>	<u>(39,403,198)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,547,389</u>	<u>(1,322,001)</u>	<u>-</u>	<u>28,225,388</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,046,784</u>	<u>\$ 6,039,801</u>	<u>\$ -</u>	<u>\$ 38,086,585</u>
	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 310,724	\$ 19,249	-	\$ 329,973
Total Capital Assets Being Depreciated	<u>310,724</u>	<u>19,249</u>	<u>-</u>	<u>329,973</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(232,469)	(9,912)	-	(242,381)
Total Accumulated Depreciation	<u>(232,469)</u>	<u>(9,912)</u>	<u>-</u>	<u>(242,381)</u>
Total Capital Assets, Being Depreciated, Net	<u>78,255</u>	<u>9,337</u>	<u>-</u>	<u>87,592</u>
Business-Type Activities Capital Assets, Net	<u>\$ 78,255</u>	<u>\$ 9,337</u>	<u>\$ -</u>	<u>\$ 87,592</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 1,845,124
School Sponsored Co-Curricular Activities	11,779
Total Instruction	<u>1,856,903</u>

Support Services

Student and Instruction Related	2,057
School Administration	1,258
Operations and Maintenance of Plant	64,004
Business/Central Services	<u>19,332</u>
Total Support Services	<u>86,651</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,943,554</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 9,912</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 9,912</u>
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**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019:

<u>Project</u>	<u>Remaining Commitment</u>
Partial Roof Replacement - William Mason, Lazar, High School	\$ 186,505
High School Air Conditioning Upgrade	128,933
Gym Renovations - Phase I - Cedar Hill, William Mason, Lazar, High School	113,471
HVAC Controls Project - All Schools	1,228,706
Gym Renovations - Phase II - Hilldale, Valley View and Woodmont	515,200
Media Center Renovations - Phase II - Valley View, Woodmont and Hilldale	220,500
Restroom Renovations - Phase II - Hilldale, Valley View and Woodmont	467,450
HVAC Upgrades	816,432

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 108,119
General Fund	Escrow Trust Fund	2,177
General Fund	Student Activity Agency Fund	6,039
General Fund	Food Service Fund	54,439
General Fund	MEDLC Fund	125,000
Debt Service Fund	Capital Projects Fund	248,659
Payroll Agency Fund	General Fund	1,103
Payroll Agency Fund	Unemployment Trust Fund	20,630
		<u>\$ 566,166</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, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfer In:		
	<u>Debt Service</u>	<u>Food Service</u>	<u>Total</u>
<u>Transfer Out:</u>			
General Fund		\$ 49,327	\$ 49,327
Capital Projects Fund	\$ 248,659	-	248,659
	<u>\$ 248,659</u>	<u>\$ 49,327</u>	<u>\$ 297,986</u>
Total Transfers Out	<u>\$ 248,659</u>	<u>\$ 49,327</u>	<u>\$ 297,986</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 \$2,925,063 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, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 798,926
2021	253,193
2022	151,847
Total minimum lease payments	1,203,966
Less: amount representing interest	(43,392)
Present value of minimum lease payments	<u>\$ 1,160,574</u>

Lease-Purchase Agreement

The District has entered into a lease-purchase agreement to provide financing for Phase I of Energy Savings Improvements, including but not limited to, lighting, lighting controls, building envelopes, ventilation and rooftop HVAC in the amount of \$2,435,000. The proceeds have been placed in an escrow account with a fiscal agent.

**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)

F. Leases (Continued)

Capital Leases (Continued)

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 190,000	\$ 64,442	\$ 254,442
2021	135,000	58,554	193,554
2022	145,000	54,915	199,915
2023	155,000	51,011	206,011
2024	155,000	46,909	201,909
2025-2029	600,000	185,918	785,918
2030-2034	850,000	91,635	941,635
2035	<u>205,000</u>	<u>4,102</u>	<u>209,102</u>
	<u>\$ 2,435,000</u>	<u>\$ 557,486</u>	<u>\$ 2,992,486</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. 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, 2019 are comprised of the following issues:

\$7,230,000, 2008 Refunding Bonds, due in annual installments of \$670,000 through August 1, 2021, interest at 4.375% to 5%	\$2,010,000
\$5,200,000, 2016 Refunding Bonds, due in annual installments of \$775,000 to \$850,000 through February 1, 2023, interest at 3% to 4%	3,270,000
\$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>\$22,884,000</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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>	
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	1,000,000	455,000	1,455,000
2025-2029	5,000,000	1,825,000	6,825,000
2030-2034	5,000,000	1,075,000	6,075,000
2035-2038	<u>4,000,000</u>	<u>316,250</u>	<u>4,316,250</u>
	<u>\$ 22,884,000</u>	<u>\$ 6,128,392</u>	<u>\$ 29,012,392</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 200,708,396
Less: Net Debt	<u>(22,885,887)</u>
Remaining Borrowing Power	<u>\$ 177,822,509</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance, <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 25,064,000		\$ 2,180,000	\$ 22,884,000	\$ 2,339,000
Add: Premium	<u>454,237</u>	<u>-</u>	<u>100,009</u>	<u>354,228</u>	<u>-</u>
Total Bonds Payable	25,518,237	-	2,280,009	23,238,228	2,339,000
Capital Leases	1,355,850	\$ 574,597	769,873	1,160,574	772,382
Obligations Under Lease-Purchase		2,435,000		2,435,000	190,000
Net Pension Liability	15,651,046		437,698	15,213,348	
Compensated Absences	<u>764,823</u>	<u>29,956</u>	<u>78,530</u>	<u>716,249</u>	<u>13,220</u>
Governmental Activity Long-Term Liabilities	<u>\$ 43,289,956</u>	<u>\$ 3,039,553</u>	<u>\$ 3,566,110</u>	<u>\$ 42,763,399</u>	<u>\$ 3,314,602</u>

For the governmental activities, the liabilities for compensated absences, capital leases and net pension liability are generally liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

<u>Fiscal Year Ended</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	NONE	\$ 67,985	\$ 183,877	\$ 324,406
2018	NONE	69,925	50,949	434,504
2017	NONE	69,221	79,542	411,563

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, 2019, 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, 2019, District has not estimated its arbitrage earnings due to the IRS, if any.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

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 Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A, to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon 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 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 which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

Service retirement benefits of 1/55th 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 1/60th 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed 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>
2019	\$ 768,550	\$ 6,707,839	\$ 22,036
2018	622,853	4,957,645	20,695
2017	622,810	3,674,030	18,500

In addition for fiscal years 2018/2019, 2017/2018 and 2016/2017 the District contributed \$7,751, \$17,678 and \$7,699, respectively for PERS and the State contributed \$6,906, \$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 \$2,529,227 during the fiscal year ended June 30, 2019 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. 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 measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$15,213,348 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .07726 percent, which was an increase of .01003 percent from its proportionate share measured as of June 30, 2017 of .06723 percent.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,640,187 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 290,121	\$ 78,445
Changes of Assumptions	2,506,908	4,864,420
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		142,702
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>2,762,009</u>	<u>397,575</u>
Total	<u>\$ 5,559,038</u>	<u>\$ 5,483,142</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, 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 <u>June 30,</u>	<u>Total</u>
2020	\$ 713,518
2021	542,385
2022	(629,561)
2023	(510,661)
2024	(39,785)
Thereafter	-
	<u>\$ 75,896</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,189,470 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, 2019 the State's proportionate share of the net pension liability attributable to the District is \$209,094,360. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the state's share of the net pension liability attributable to the District was .32867 percent, which was an increase of .00204 percent from its proportionate share measured as of June 30, 2017 of .32663 percent.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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, 2019**

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:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 247,145,563</u>	<u>\$ 209,094,360</u>	<u>\$ 177,550,840</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$3,042,665, \$3,202,038 and \$3,061,303, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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 \$117,074,018. 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 0.25%, which was a decrease of .00589 percent from its proportionate share measured as of June 30, 2017 of .25589 percent.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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, 2017 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, 2018.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2017 Measurement Date	\$ 137,256,621
Changes Recognized for the Fiscal Year:	
Service Cost	5,832,649
Interest on the Total OPEB Liability	5,068,972
Differences Between Expected and Actual Experience	(14,627,073)
Changes of Assumptions	(13,434,829)
Gross Benefit Payments	(3,130,518)
Contributions from the Member	108,196
Net Changes	\$ (20,182,603)
Balance, June 30, 2018 Measurement Date	\$ 117,074,018

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 3.87% 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 138,405,322	\$ 117,074,018	\$ 100,117,834

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 96,768,494	\$ 117,074,018	\$ 143,928,850

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 68,887,049		\$ 68,887,049	\$ 68,887,049	
Tuition From Individuals	266,046		266,046	244,142	\$ (21,904)
Transportation Fees from Individuals	314,000		314,000	276,090	(37,910)
Interest Earned on Capital Reserve	1,500		1,500	1,500	
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	
Interest Earned on Investments	60,592		60,592	179,553	118,961
Miscellaneous, including Interest	390,000	-	390,000	202,604	(187,396)
Total Local Sources	<u>69,920,187</u>	<u>-</u>	<u>69,920,187</u>	<u>69,791,938</u>	<u>(128,249)</u>
State Sources					
Special Education Aid	1,637,107		1,637,107	1,637,107	
Security Aid	70,614		70,614	70,614	
Transportation Aid	659,961	\$ 358,988	1,018,949	1,018,949	
Extraordinary Aid	1,600,000		1,600,000	1,625,948	25,948
Non Public Transportation Reimbursement				59,209	59,209
On Behalf TPAF Contributions (Non-Budgeted)					
Pension Contribution				6,570,305	6,570,305
Non Contributory Insurance				137,534	137,534
Post Retirement Medical Contribution				3,042,665	3,042,665
Long Term Disability Insurance				6,906	6,906
Social Security Contribution	-	-	-	2,529,227	2,529,227
Total State Sources	<u>3,967,682</u>	<u>358,988</u>	<u>4,326,670</u>	<u>16,698,464</u>	<u>12,371,794</u>
Federal Sources					
Medicaid Reimbursement	27,815	-	27,815	5,354	(22,461)
Total Federal Sources	<u>27,815</u>	<u>-</u>	<u>27,815</u>	<u>5,354</u>	<u>(22,461)</u>
Total Revenues	<u>73,915,684</u>	<u>358,988</u>	<u>74,274,672</u>	<u>86,495,756</u>	<u>12,221,084</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool		437,240	437,240	437,240	
Kindergarten	1,070,903	(28,600)	1,042,303	1,041,976	327
Grades 1-5	6,988,180	(19,797)	6,968,383	6,968,134	249
Grades 6-8	4,918,255	74,436	4,992,691	4,992,691	
Grades 9-12	6,638,015	(60,630)	6,577,385	6,563,143	14,242
Regular Programs - Home Instruction					
Salaries of Teachers	13,000	15,215	28,215	28,215	
Purchased Professional/Educational Services	24,000	(15,067)	8,933	8,933	
General Supplies	100	(100)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	166,320	24,343	190,663	179,068	11,595
Purchased Professional/Educational Services	1,995		1,995	800	1,195
Purchased Technical Services	533,450	4	533,454	528,697	4,757
Other Purchased Services	1,270,614	(149,206)	1,121,408	1,108,209	13,199
General Supplies	655,227	75,068	730,295	645,997	84,298
Textbooks	243,977	(95,404)	148,573	93,214	55,359
Other Objects	6,105	1,430	7,535	5,756	1,779
Acquisitions Under Capital Leases (Non-Budgeted)	-	-	-	574,597	(574,597)
Total Regular Programs	<u>22,530,141</u>	<u>258,932</u>	<u>22,789,073</u>	<u>23,176,670</u>	<u>(387,597)</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance - Final To Actual
CURRENT					
Special Education					
Cognitive Mild					
Salaries of Teachers	\$ 122,408	\$ 12,177	\$ 134,585	\$ 134,585	
Other Salaries for Instruction	123,365	(16,676)	106,689	106,689	
General Supplies	2,475	(2,475)	-	-	-
Total Cognitive Mild	<u>248,248</u>	<u>(6,974)</u>	<u>241,274</u>	<u>241,274</u>	<u>-</u>
Learning and/or Language Disabilities					
Salaries of Teachers	660,309	(130,954)	529,355	529,354	\$ 1
Other Salaries for Instruction	236,132	(29,766)	206,366	206,366	
General Supplies	35,922	(7,559)	28,363	20,433	7,930
Other Objects	4,981	(4,981)	-	-	-
Total Learning and/or Language Disabilities	<u>937,344</u>	<u>(173,260)</u>	<u>764,084</u>	<u>756,153</u>	<u>7,931</u>
Behavioral Disabilities					
Salaries of Teachers	299,621	(29,224)	270,397	270,310	87
Other Salaries of Instruction	120,595	3,224	123,819	123,819	
General Supplies	-	2,924	2,924	2,670	254
Total Behavioral Disabilities	<u>420,216</u>	<u>(23,076)</u>	<u>397,140</u>	<u>396,799</u>	<u>341</u>
Resource Room/Resource Center					
Salaries of Teachers	5,253,396	(108,520)	5,144,876	5,144,837	39
Other Salaries for Instruction	946,610	(236,456)	710,154	710,154	
General Supplies	21,841	24,610	46,451	41,505	4,946
Textbooks	4,981	(2,100)	2,881	-	2,881
Total Resource Room	<u>6,226,828</u>	<u>(322,466)</u>	<u>5,904,362</u>	<u>5,896,496</u>	<u>7,866</u>
Autism					
Salaries of Teachers	310,314	(62,911)	247,403	247,403	
Other Salaries for Instruction	609,416	(315,648)	293,768	293,768	
General Supplies	2,200	6,323	8,523	6,473	2,050
Total Autism	<u>921,930</u>	<u>(372,236)</u>	<u>549,694</u>	<u>547,644</u>	<u>2,050</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	234,039	(138,327)	95,712	95,712	
Other Salaries for Instruction	171,413	(19,452)	151,961	151,961	
General Supplies	500	-	500	450	50
Total Preschool Disabilities - Part-Time	<u>405,952</u>	<u>(157,779)</u>	<u>248,173</u>	<u>248,123</u>	<u>50</u>
Home Instruction					
Salaries of Teachers		32,958	32,958	32,958	
Other Salaries for Instruction	20,000	(17,630)	2,370	2,370	
Purchased Professional/Educational Services	85,000	10,232	95,232	84,692	10,540
General Supplies	100	(100)	-	-	-
Total Home Instruction	<u>105,100</u>	<u>25,460</u>	<u>130,560</u>	<u>120,020</u>	<u>10,540</u>
Total Special Education	<u>9,265,618</u>	<u>(1,030,331)</u>	<u>8,235,287</u>	<u>8,206,509</u>	<u>28,778</u>
Basic Skills/Remedial					
Salaries of Teachers	981,783	(17,267)	964,516	964,456	60
General Supplies	4,003	(354)	3,649	2,447	1,202
Total Basic Skills/Remedial	<u>985,786</u>	<u>(17,621)</u>	<u>968,165</u>	<u>966,903</u>	<u>1,262</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Special Education (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 290,832	\$ (37,839)	\$ 252,993	\$ 252,993	
Purchased Technical Services		170	170		\$ 170
General Supplies	8,100	(4,912)	3,188	2,896	292
Textbooks	1,500	(88)	1,412	934	478
Total Bilingual Education	<u>300,432</u>	<u>(42,669)</u>	<u>257,763</u>	<u>256,823</u>	<u>940</u>
School Sponsored Co-Curricular Activities					
Salaries	325,265	7,524	332,789	331,353	1,436
Purchased Services	1,650	2,175	3,825	3,784	41
Supplies and Materials	17,305	34,645	51,950	50,531	1,419
Other Objects	80,200	(6,079)	74,121	68,659	5,462
Total School Sponsored Co-Curricular Activities	<u>424,420</u>	<u>38,265</u>	<u>462,685</u>	<u>454,327</u>	<u>8,358</u>
School Sponsored Athletics - Instruction					
Salaries	870,593	10,964	881,557	881,557	
Purchased Services	264,991	(14,035)	250,956	250,882	74
Supplies and Materials	72,223	6,527	78,750	78,450	300
Other Objects	24,000	2,135	26,135	26,135	-
Total School Sponsored Athletics - Instruction	<u>1,231,807</u>	<u>5,591</u>	<u>1,237,398</u>	<u>1,237,024</u>	<u>374</u>
Total - Instruction	<u>34,738,204</u>	<u>(787,833)</u>	<u>33,950,371</u>	<u>34,298,256</u>	<u>(347,885)</u>
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Regular		-			
Tuition LEA's within State - Special	282,610	101,585	384,195	318,125	66,070
Tuition to County Vocational School District-Reg.	551,540	6,800	558,340	544,837	13,503
Tuition to County Vocational School District-Spec.	112,000	(33,113)	78,887	16,500	62,387
Tuition to Private Schools - Disabled w/i State	2,888,515	(51,043)	2,837,472	2,398,890	438,582
Tuition - State Facilities	40,747	-	40,747	40,747	-
Total Undistributed Expenditures - Instruction	<u>3,875,412</u>	<u>24,229</u>	<u>3,899,641</u>	<u>3,319,099</u>	<u>580,542</u>
Attendance and Social Work Services					
Salaries	78,393	483	78,876	78,876	-
Health Services					
Salaries	775,852	20,197	796,049	796,049	
Purchased Professional Technical Services	39,850	(10,980)	28,870	21,691	7,179
Supplies and Materials	10,530	305	10,835	10,822	13
Other Objects	-	1,324	1,324	1,324	-
Total Health Services	<u>826,232</u>	<u>10,846</u>	<u>837,078</u>	<u>829,886</u>	<u>7,192</u>
Speech, OT, PT and Related Services					
Salaries	1,517,153	61,740	1,578,893	1,578,893	
Purchased Professional/Educational Services	155,546	(10,000)	145,546	123,932	21,614
Supplies and Materials	10,257	1,688	11,945	11,454	491
Total Speech, OT, PT and Related Services	<u>1,682,956</u>	<u>53,428</u>	<u>1,736,384</u>	<u>1,714,279</u>	<u>22,105</u>
Other Support Services - Students - Extra.Serv.					
Salaries	679,945	349,506	1,029,451	1,029,451	
Purchased Professional/Educational Services	449,934	(7,662)	442,272	441,591	681
Total Other Support Services - Students - Extra Services	<u>1,129,879</u>	<u>341,844</u>	<u>1,471,723</u>	<u>1,471,042</u>	<u>681</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 1,674,924	\$ 20,189	\$ 1,695,113	\$ 1,695,113	
Salaries of Secretarial and Clerical Assistants	141,898	2,542	144,440	144,440	
Purchased Professional - Educational Services	1,500	(1,500)	-		
Other Purchased Prof. and Technical Services	16,050	8,097	24,147	18,575	\$ 5,572
Other Purchased Services	2,156	1,487	3,643	2,000	1,643
Supplies and Materials	13,632	39	13,671	6,638	7,033
Other Objects	16,100	(14,062)	2,038	850	1,188
Total Guidance	<u>1,866,260</u>	<u>16,792</u>	<u>1,883,052</u>	<u>1,867,616</u>	<u>15,436</u>
Child Study Teams					
Salaries of Other Professional Staff	1,756,726	(19,410)	1,737,316	1,737,316	
Salaries of Secretarial and Clerical Assistants	179,676	(6,942)	172,734	170,466	2,268
Other Purchased Prof. and Technical Services	382,811	(43,495)	339,316	253,068	86,248
Misc. Purchased Services	5,800	1,260	7,060	4,354	2,706
Supplies and Materials	20,000	(7,142)	12,858	12,852	6
Other Objects	23,000	(13,751)	9,249	8,860	389
Total Child Study Teams	<u>2,368,013</u>	<u>(89,480)</u>	<u>2,278,533</u>	<u>2,186,916</u>	<u>91,617</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	749,730	12,317	762,047	762,047	
Salaries of Secretarial and Clerical Assistants	39,865	400	40,265	40,265	
Other Salaries	50,000	(33,000)	17,000	15,000	2,000
Other Purchased Services	7,860	(3,147)	4,713	4,580	133
Other Objects	6,365	1,397	7,762	7,762	-
Total Improvement of Instruction Services	<u>853,820</u>	<u>(22,033)</u>	<u>831,787</u>	<u>829,654</u>	<u>2,133</u>
Educational Media Services/School Library					
Salaries	559,193	(23,434)	535,759	535,759	
Purchased Professional and Technical Services	10,000	1,500	11,500	4,342	7,158
Supplies and Materials	16,750	141	16,891	13,266	3,625
Total Educational Media Services/School Library	<u>585,943</u>	<u>(21,793)</u>	<u>564,150</u>	<u>553,367</u>	<u>10,783</u>
Instructional Staff Training Services					
Purchased Professional --Education Services	62,270	(17,575)	44,695	4,203	40,492
Other Purchased Services	2,000		2,000	364	1,636
Supplies and Materials	1,000	422	1,422	120	1,302
Other Objects	12,750	-	12,750	3,177	9,573
Total Instructional Staff Training Services	<u>78,020</u>	<u>(17,153)</u>	<u>60,867</u>	<u>7,864</u>	<u>53,003</u>
Support Services General Administration					
Salaries	771,933	29,482	801,415	801,415	
Legal Services	93,983	134,987	228,970	214,451	14,519
Audit Fees	37,300	-	37,300	34,407	2,893
Architectural/Engineering Services		-			
Other Purchased Professional Services	18,143	52,485	70,628	70,627	1
Communications/Telephone	17,845	(4,427)	13,418	12,030	1,388
Miscellaneous Purchased Services	138,281	19,242	157,523	157,026	497
General Supplies	6,425	(561)	5,864	5,864	
BOE IN-House Training/Meeting Supplies	500	(500)			
Judgments		1,279,726	1,279,726	1,279,668	58
Misc. Expenditures	11,623	(2,310)	9,313	7,245	2,068
BOE Membership Dues and Fees	34,230	(1,806)	32,424	28,514	3,910
Total Support Services General Administration	<u>1,130,263</u>	<u>1,506,318</u>	<u>2,636,581</u>	<u>2,611,247</u>	<u>25,334</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 1,527,724	\$ 20,039	\$ 1,547,763	\$ 1,547,763	
Salaries of Other Professional Staff	157,439	2,991	160,430	160,430	
Salaries of Secretarial and Clerical Assistants	560,647	7,776	568,423	568,423	
Purchased Professional and Technical Services	1,440	-	1,440		\$ 1,440
Other Purchased Services	13,828	1,514	15,342	8,908	6,434
Supplies and Materials	84,242	(8,479)	75,763	62,194	13,569
Other Objects	<u>12,817</u>	<u>3,223</u>	<u>16,040</u>	<u>12,570</u>	<u>3,470</u>
Total Support Services School Administration	<u>2,358,137</u>	<u>27,064</u>	<u>2,385,201</u>	<u>2,360,288</u>	<u>24,913</u>
Central Services					
Salaries	471,071	8,674	479,745	477,042	2,703
Purchased Professional Services	12,560	(12,560)			
Purchased Technical Services	51,080	6,761	57,841	57,841	
Misc. Purchased Services	27,567	1,733	29,300	29,241	59
Supplies and Materials	15,000	(902)	14,098	12,578	1,520
Miscellaneous Expenditures	<u>2,700</u>	<u>(1,060)</u>	<u>1,640</u>	<u>1,640</u>	<u>-</u>
Total Central Services	<u>579,978</u>	<u>2,646</u>	<u>582,624</u>	<u>578,342</u>	<u>4,282</u>
Admin. Info. Tech.					
Salaries	579,953	(4,040)	575,913	575,913	
Other Purchased Services	2,900	1,980	4,880	3,017	1,863
Supplies and Materials	<u>7,300</u>	<u>7,700</u>	<u>15,000</u>	<u>11,949</u>	<u>3,051</u>
Total Admin. Info. Tech.	<u>590,153</u>	<u>5,640</u>	<u>595,793</u>	<u>590,879</u>	<u>4,914</u>
Required Maintenance for School Facilities					
Salaries	572,676	(15,796)	556,880	556,880	
Cleaning, Repair and Maintenance Services	262,962	102,171	365,133	319,422	45,711
General Supplies	129,895	(28,716)	101,179	92,735	8,444
Other Objects	<u>200</u>	<u>1,375</u>	<u>1,575</u>	<u>1,498</u>	<u>77</u>
Total Required Maint. For School Facilities	<u>965,733</u>	<u>59,034</u>	<u>1,024,767</u>	<u>970,535</u>	<u>54,232</u>
Custodial Services					
Salaries	330,052	30,659	360,711	360,711	-
Purchased Professional and Technical Services	2,350,832	(110,349)	2,240,483	2,226,841	13,642
Cleaning, Repair and Maintenance Services	131,193	(11,404)	119,789	99,284	20,505
Rental of Land and Bldg. Oth. Than Lease Purchase	10,500	7,520	18,020	17,834	186
Other Purchased Property Services	61,700	-	61,700	44,303	17,397
Insurance	295,303	(44,493)	250,810	250,810	
Miscellaneous Purchased Services	1,710	575	2,285	1,817	468
General Supplies	140,500	3,500	144,000	140,183	3,817
Energy (Gas)	220,000	51,062	271,062	220,267	50,795
Energy (Electricity)	530,000	39,388	569,388	499,104	70,284
Other Objects	<u>1,850</u>	<u>-</u>	<u>1,850</u>	<u>1,243</u>	<u>607</u>
Total Custodial Services	<u>4,073,640</u>	<u>(33,542)</u>	<u>4,040,098</u>	<u>3,862,397</u>	<u>177,701</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	5,000	(5,000)			
General Supplies	<u>30,000</u>	<u>(7,800)</u>	<u>22,200</u>	<u>20,234</u>	<u>1,966</u>
Total Care and Upkeep of Grounds	<u>35,000</u>	<u>(12,800)</u>	<u>22,200</u>	<u>20,234</u>	<u>1,966</u>
Security					
Purchased Professional and Technical Services	65,000	(10,010)	54,990	49,318	5,672
General Supplies	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Care and Upkeep of Grounds	<u>67,000</u>	<u>(12,010)</u>	<u>54,990</u>	<u>49,318</u>	<u>5,672</u>

(Continued)

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance - Final To Actual
CURRENT					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg. Management Fee - ESC Transp. Prog.	\$ 58,072	\$ 857	\$ 58,929	\$ 58,929	
Contracted Services – Aid In Lieu of Payment for Non-public School Students	4,350		4,350	3,733	\$ 617
Contracted Services (Between Home and School) - Vendors	204,000	(11,278)	192,722	192,722	
Contracted Services (Other Than Between Home and School) - Vendors	2,247,326	(13,169)	2,234,157	2,230,099	4,058
Contracted Services (Special Education Students)- Vendors	350,778	3,132	353,910	302,872	51,038
Contracted Services (Special Education Students)- Joint Agreements	1,497,427	101,862	1,599,289	1,521,364	77,925
Misc. Purchased Svc. - Transportation	37,991		37,991		37,991
Other Objects	3,625	-	3,625	3,623	2
	2,200	-	2,200	200	2,000
Total Student Transportation Services	4,405,769	81,404	4,487,173	4,313,542	173,631
Unallocated Benefits - Employee Benefits					
Social Security Contributions	750,000	-	750,000	686,117	63,883
Other Retirement Contributions - PERS	675,556	100,745	776,301	776,301	
Other Retirement Contributions - DCRP	25,200	-	25,200	22,036	3,164
Workmen's Compensation	244,151	3,569	247,720	247,720	
Health Benefits	11,327,730	(1,129,824)	10,197,906	9,272,293	925,613
Tuition Reimbursement	257,436	12,619	270,055	265,940	4,115
Other Employee Benefits	380,877	44,670	425,547	366,004	59,543
Unused Sick Payment to Terminated/Retired Staff	8,887	69,643	78,530	78,530	-
Total Unallocated Benefits	13,669,837	(898,578)	12,771,259	11,714,941	1,056,318
On Behalf TPAF Payments (Non-Budgeted)					
Pension Contribution				6,570,305	(6,570,305)
Non Contributory Insurance				137,534	(137,534)
Post Retirement Medical Contribution				3,042,665	(3,042,665)
Long Term Disability Insurance				6,906	(6,906)
Social Security Contribution	-	-	-	2,529,227	(2,529,227)
Total On-Behalf Payments	-	-	-	12,286,637	(12,286,637)
Total Undistributed Expenditures	41,220,438	1,022,339	42,242,777	52,216,959	(9,974,182)
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000
Total Current Expenditures	75,959,642	234,506	76,194,148	86,515,215	(10,321,067)
Equipment					
Grades 1-5 (Instructional)	11,200	32,363	43,563	34,575	8,988
Resource Room/Resource Center		2,215	2,215	2,215	
School Sponsors Athletics		41,730	41,730	26,464	15,266
Undistributed Expenditures					
Health Services		3,948	3,948	3,948	
School Admin		488,688	488,688	389,138	99,550
Admin. Info. Tech.		10,078	10,078	9,879	199
Required Maintenance for School Facilities (Non Instr.)	-	14,890	14,890	14,890	-
Total Equipment	11,200	593,912	605,112	481,109	124,003

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final To Actual</u>
EXPENDITURES (Continued)					
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services					
Other Purchased Professional and Technical Services					
Construction Services					
Assessment for Debt Service on SDA Funding					
	\$ 31,043	-	31,043	31,043	-
Total Facilities Acquisition and Construction Services	<u>31,043</u>	<u>140,444</u>	<u>171,487</u>	<u>171,487</u>	<u>-</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>43,743</u>	<u>734,356</u>	<u>778,099</u>	<u>652,596</u>	<u>125,503</u>
Transfer to Charter Schools	<u>64,799</u>	<u>-</u>	<u>64,799</u>	<u>4,238</u>	<u>60,561</u>
Total Expenditures - General Fund	<u>76,068,184</u>	<u>968,862</u>	<u>77,037,046</u>	<u>87,172,049</u>	<u>(10,135,003)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,152,500)</u>	<u>(609,874)</u>	<u>(2,762,374)</u>	<u>(676,293)</u>	<u>2,086,081</u>
Other Financing Sources					
Capital Lease Proceeds					
Operating Transfer Out - Food Service Enterprise Fund					
Operating Transfers In					
	(45,000)	(4,327)	(49,327)	574,597	574,597
	-	-	-	(49,327)	-
	-	-	-	-	-
Total Other Financing Sources	<u>(45,000)</u>	<u>(4,327)</u>	<u>(49,327)</u>	<u>525,270</u>	<u>574,597</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	<u>(2,197,500)</u>	<u>(614,201)</u>	<u>(2,811,701)</u>	<u>(151,023)</u>	<u>2,660,678</u>
Fund Balances, Beginning of Year	<u>7,800,461</u>	<u>-</u>	<u>7,800,461</u>	<u>7,800,461</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,602,961</u>	<u>\$ (614,201)</u>	<u>\$ 4,988,760</u>	<u>\$ 7,649,438</u>	<u>\$ 2,660,678</u>
Recapitulation of Fund Balance:					
Capital Reserve				\$ 3,151,146	
Maintenance Reserve				400,000	
Excess Surplus				1,000,000	
Encumbrances				99,540	
Designated for Subsequent Year's Budget				1,426,392	
Unassigned				<u>1,572,360</u>	
Reconciliation to Governmental Funds Statements (GAAP):				7,649,438	
Less: State Aid Not Recognized on GAAP Basis				<u>(1,881,443)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 5,767,995</u>	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources	\$ 63,322	\$ (16,104)	\$ 47,218	\$ 25,172	\$ (22,046)
State Sources	131,518	(57,340)	74,178	67,888	(6,290)
Federal Sources	887,816	261,202	1,149,018	1,023,295	(125,723)
 Total Revenues	 <u>1,082,656</u>	 <u>187,758</u>	 <u>1,270,414</u>	 <u>1,116,355</u>	 <u>(154,059)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	113,183	(36,703)	76,480	75,000	1,480
Purchased Professional Services	7,671	(2,645)	5,026	2,600	2,426
Other Purchased Services		18,940	18,940	18,940	
Tuition	658,147	169,115	827,262	800,476	26,786
General Supplies	92,986	58,030	151,016	63,992	87,024
Textbooks	9,451		9,451	8,307	1,144
Other Objects	61	-	61	-	61
 Total Instruction	 <u>881,499</u>	 <u>206,737</u>	 <u>1,088,236</u>	 <u>969,315</u>	 <u>118,921</u>
Support Services					
Salaries	3,400	600	4,000	-	4,000
Personal Services - Employee Benefits	11,530	3,835	15,365	14,956	409
Purchased Prof./Educational Services	61,454	52,216	113,670	96,388	17,282
Other Purchased Services	119,208	(75,871)	43,337	35,696	7,641
Supplies and Materials	5,565	241	5,806	-	5,806
 Total Support Services	 <u>201,157</u>	 <u>(18,979)</u>	 <u>182,178</u>	 <u>147,040</u>	 <u>35,138</u>
 Total Expenditures	 <u>1,082,656</u>	 <u>187,758</u>	 <u>1,270,414</u>	 <u>1,116,355</u>	 <u>154,059</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, 2019**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 86,495,756	\$ 1,116,355
Difference - Budget to GAAP		
2018/2019 State Aid recognized for budgetary purposes, not recognized for GAAP statements	(1,881,443)	
2017/2018 State Aid recognized for GAAP purposes, not recognized for budgetary statements	<u>2,874,756</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 87,489,069</u>	<u>\$ 1,116,355</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	<u>\$ 87,172,049</u>	<u>\$ 1,116,355</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 87,172,049</u>	<u>\$ 1,116,355</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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07726%	0.06723%	0.07010%	0.06755%	0.06063%	0.05438%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,213,348	\$ 15,651,046	\$ 20,763,330	\$ 15,164,540	\$ 11,353,116	\$ 10,394,920
District's Covered-Employee Payroll	\$ 5,533,397	\$ 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	275%	276%	472%	322%	258%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.59%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

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

Public Employees Retirement System

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 768,550	\$ 622,853	\$ 622,810	\$ 580,784	\$ 500,916	\$ 409,814
Contributions in Relation to the Contractually Required Contribution	<u>768,550</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,229,580	\$ 5,533,397	\$ 5,677,955	\$ 4,395,390	\$ 4,707,825	\$ 4,399,532
Contributions as a Percentage of Covered-Employee Payroll	14.70% %	11.26% %	10.97% %	13.21% %	10.64% %	9.31% %

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

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2019</u>	<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%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 209,094,360</u>	<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>\$ 209,094,360</u>	<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	\$ 35,368,758	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.48%	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, 2019**

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 Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 5,832,649	\$ 7,145,316
Interest on Total OPEB Liability	5,068,972	4,322,819
Changes of Assumptions	(13,434,829)	(18,133,585)
Differences Between Expected and Actual Experience	(14,627,073)	
Gross Benefit Payments	(3,130,518)	(3,304,602)
Contribution from the Member	<u>108,196</u>	<u>121,684</u>
Net Change in Total OPEB Liability	(20,182,603)	(9,848,368)
Total OPEB Liability - Beginning of Year	<u>137,256,621</u>	<u>147,104,989</u>
Total OPEB Liability - End of Year	<u>\$ 117,074,018</u>	<u>\$ 137,256,621</u>
District's Proportionate Share of OPEB Liability	0	0
State's Proportionate Share of OPEB Liability	<u>\$ 117,074,018</u>	<u>\$ 137,256,621</u>
Total OPEB Liability - End of Year	<u>\$ 117,074,018</u>	<u>\$ 137,256,621</u>
District's Covered-Employee Payroll	<u>\$ 40,902,155</u>	<u>\$ 41,461,763</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	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, 2019**

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, 2019**

	<u>ESEA</u>				<u>IDEA, Part B</u>		<u>Total Page 2</u>	<u>Total</u>
	<u>Title I</u>	<u>Title II-A</u>	<u>Title III</u>	<u>Title IV</u>	<u>Basic</u>	<u>Preschool</u>		
REVENUES								
Intergovernmental								
State							\$ 67,888	\$ 67,888
Federal	\$ 103,835	\$ 65,293	\$ 12,012	\$ 10,407	\$ 813,336	\$ 18,412		1,023,295
Other	-	-	-	-	-	-	25,172	25,172
Total Revenues	<u>103,835</u>	<u>65,293</u>	<u>12,012</u>	<u>10,407</u>	<u>813,336</u>	<u>18,412</u>	<u>93,060</u>	<u>1,116,355</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	71,000				4,000			75,000
Purchased Professional Services				2,600				2,600
Other Purchased Services							18,940	18,940
Tuition					800,476			800,476
General Supplies				524	8,860	18,412	36,196	63,992
Textbooks	-	-	-	-	-	-	8,307	8,307
Total Instruction	<u>71,000</u>	<u>-</u>	<u>-</u>	<u>3,124</u>	<u>813,336</u>	<u>18,412</u>	<u>63,443</u>	<u>969,315</u>
Support Services								
Personal Services Employee-Benefits	14,956							14,956
Purchased Prof./Ed. Serv.	17,879	33,113	11,978	7,283			26,135	96,388
Other Purchased Services	-	32,180	34	-	-	-	3,482	35,696
Total Support Services	<u>32,835</u>	<u>65,293</u>	<u>12,012</u>	<u>7,283</u>	<u>-</u>	<u>-</u>	<u>29,617</u>	<u>147,040</u>
Total Expenditures	<u>103,835</u>	<u>65,293</u>	<u>12,012</u>	<u>10,407</u>	<u>813,336</u>	<u>18,412</u>	<u>93,060</u>	<u>1,116,355</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>NJ Nonpublic Aid</u>				<u>Nonpublic Handicapped Services</u>			<u>Other Local Programs</u>	<u>Total Page 2</u>
	<u>Nursing</u>	<u>Textbooks</u>	<u>Technology</u>	<u>Security</u>	<u>Exam and Class</u>	<u>Corrective Speech</u>	<u>Supplemental Instruction</u>		
REVENUES									
Intergovernmental									
State	\$ 17,169	\$ 8,307	\$ 6,372	\$ 26,192	\$ 6,366	\$ 2,768	\$ 714		\$ 67,888
Other	-	-	-	-	-	-	-	\$ 25,172	25,172
Total Revenues	<u>17,169</u>	<u>8,307</u>	<u>6,372</u>	<u>26,192</u>	<u>6,366</u>	<u>2,768</u>	<u>714</u>	<u>25,172</u>	<u>93,060</u>
EXPENDITURES									
Instruction									
Purchased Professional Services									-
Other Purchased Services								18,940	18,940
General Supplies			6,372	26,192				3,632	36,196
Textbooks		8,307							8,307
Other Objects	-	-	-	-	-	-	-	-	-
Total Instruction	<u>-</u>	<u>8,307</u>	<u>6,372</u>	<u>26,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,572</u>	<u>63,443</u>
Support Services									
Purchased Prof. and Ed. Serv.	17,169				6,366			2,600	26,135
Other Purchased Services						2,768	714		3,482
Supplies and Materials	-	-	-	-	-	-	-	-	-
Total Support Services	<u>17,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,366</u>	<u>2,768</u>	<u>714</u>	<u>2,600</u>	<u>29,617</u>
Total Expenditures	<u>17,169</u>	<u>8,307</u>	<u>6,372</u>	<u>26,192</u>	<u>6,366</u>	<u>2,768</u>	<u>714</u>	<u>25,172</u>	<u>93,060</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Project Description</u>	<u>Appropriation</u>	<u>Interest on Lease Proceeds</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2019</u>
			<u>Prior Years</u>	<u>Current Year</u>	
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	\$ 4,161,626	\$ 5,207,223
District-wide all purpose room/gymnasium renovations	3,014,355		164,298	1,630,978	1,219,079
District-wide HVAC improvements and upgrades	3,418,700		531,114	1,569,198	1,318,388
2018 Energy Savings Improvement Program	<u>2,435,000</u>	<u>\$ 1,192</u>	<u>-</u>	<u>-</u>	<u>2,436,192</u>
	<u>\$ 20,040,887</u>	<u>\$ 1,192</u>	<u>\$ 2,499,395</u>	<u>\$ 7,361,802</u>	<u>\$ 10,180,882</u>
Project Balances, June 30, 2019					\$ 10,180,882
Less:					
Debt Authorized but Not Issued					<u>(1,887)</u>
Fund Balance, June 30, 2019 (Budgetary Basis)					<u>\$ 10,178,995</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, 2019**

Revenues and Other Financing Sources

Lease Proceeds	\$ 2,435,000
Interest Earnings	
Bond Referendum	248,659
Lease Purchase	<u>1,192</u>
 Total Revenues and Other Financing Sources	 <u>2,684,851</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	338,745
Construction Services	7,023,057
Transfer to Debt Service Fund	
Interest Earned	<u>248,659</u>
 Total Expenditures and Other Financing Uses	 <u>7,610,461</u>

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(4,925,610)
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Fund Balance July 1, 2018	<u>15,104,605</u>
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Fund Balance June 30, 2019	<u>\$ 10,178,995</u>
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Recapitulation of Fund Balance:

Year End Encumbrances	\$ 4,189,161
Restricted for Capital Projects	<u>5,989,834</u>
	<u>\$ 10,178,995</u>

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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 11,170,945		\$ 11,170,945	\$ 11,170,945
Debt Authorized But Not Issued	<u>1,887</u>	<u>-</u>	<u>1,887</u>	<u>1,887</u>
 Total Revenues and Other Financing Sources	 <u>11,172,832</u>	 <u>-</u>	 <u>11,172,832</u>	 <u>11,172,832</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	517,679	\$ 172,328	690,007	857,555
Construction Services	1,155,083	3,989,298	5,144,381	10,181,411
Other Objects	<u>131,221</u>	<u>-</u>	<u>131,221</u>	<u>133,866</u>
 Total Expenditures and Other Financing Uses	 <u>1,803,983</u>	 <u>4,161,626</u>	 <u>5,965,609</u>	 <u>11,172,832</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 9,368,849</u>	 <u>\$ (4,161,626)</u>	 <u>\$ 5,207,223</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	53.39%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	9/1/2019

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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 3,014,355	-	\$ 3,014,355	\$ 3,014,355
Total Revenues and Other Financing Sources	<u>3,014,355</u>	<u>-</u>	<u>3,014,355</u>	<u>3,014,355</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	122,189	\$ 103,808	225,997	289,109
Construction Services		1,527,170	1,527,170	2,683,137
Other Objects	<u>42,109</u>	<u>-</u>	<u>42,109</u>	<u>42,109</u>
Total Expenditures and Other Financing Uses	<u>164,298</u>	<u>1,630,978</u>	<u>1,795,276</u>	<u>3,014,355</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,850,057</u>	<u>\$ (1,630,978)</u>	<u>\$ 1,219,079</u>	<u>\$ -</u>

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	59.56%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	9/1/2019

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
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
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	173,644	\$ 62,608	236,252	314,742
Construction Services	328,444	1,506,590	1,835,034	3,074,932
Other Objects	29,026	-	29,026	29,026
 Total Expenditures and Other Financing Uses	 531,114	 1,569,198	 2,100,312	 3,418,700
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 \$ 2,887,586	 \$ (1,569,198)	 \$ 1,318,388	 \$ -

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	61.44%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	9/1/2019

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
2018 ENERGY SAVINGS IMPROVEMENT PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	-	\$ 2,435,000	\$ 2,435,000	\$ 2,435,000
Interest Earned	-	1,192	1,192	1,192
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	-	2,436,192	2,436,192	2,436,192
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				718,850
Construction Services				1,716,150
Unallocated	-	-	-	1,192
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	-	-	2,436,192
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 2,436,192	\$ 2,436,192	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,435,000
Additional Authorized Cost	\$ 1,192
Revised Authorized Cost	\$ 2,436,192
Percentage Increase Over Original Authorized Cost	0.05%
Percentage Completion	0.00%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	9/1/2020

ENTERPRISE FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 15,342	\$ 203,863	\$ 219,205
Receivables			
Accounts		6,629	6,629
Inventories	<u>5,722</u>	<u>-</u>	<u>5,722</u>
Total Current Assets	<u>21,064</u>	<u>210,492</u>	<u>231,556</u>
Capital Assets			
Furniture, Machinery and Equipment	329,973		329,973
Less Accumulated Depreciation	<u>(242,381)</u>	<u>-</u>	<u>(242,381)</u>
Total Capital Assets, Net	<u>87,592</u>	<u>-</u>	<u>87,592</u>
Total Assets	<u>108,656</u>	<u>210,492</u>	<u>319,148</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	8,710	1,760	10,470
Due to Other Funds	<u>54,439</u>	<u>125,000</u>	<u>179,439</u>
Total Current Liabilities	<u>63,149</u>	<u>126,760</u>	<u>189,909</u>
NET POSITION			
Net Investment in Capital Assets	87,592		87,592
Unrestricted	<u>(42,085)</u>	<u>83,732</u>	<u>41,647</u>
Total Net Position	<u>\$ 45,507</u>	<u>\$ 83,732</u>	<u>\$ 129,239</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, 2019

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales	\$ 887,231		\$ 887,231
Special Functions	49,791		49,791
Program Fees	-	\$ 910,545	910,545
	<u>937,022</u>	<u>910,545</u>	<u>1,847,567</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	393,396	716,013	1,109,409
Management Fee	70,052		70,052
Other Purchased Services	13,306	6,243	19,549
Supplies and Materials	5,606	49,361	54,967
Utilities		75,000	75,000
Miscellaneous	38,742	10,645	49,387
Cost of Sales	434,015		434,015
Depreciation	9,912	-	9,912
	<u>965,029</u>	<u>857,262</u>	<u>1,822,291</u>
Total Operating Expenses			
Operating (Loss)	<u>(28,007)</u>	<u>53,283</u>	<u>25,276</u>
Nonoperating Revenues			
Interest Income	<u>1,862</u>	<u>-</u>	<u>1,862</u>
Total Nonoperating Revenues	<u>1,862</u>	<u>-</u>	<u>1,862</u>
Income (Loss) Before Transfers	(26,145)	53,283	27,138
Transfer in	<u>49,327</u>	<u>-</u>	<u>49,327</u>
Change in Net Position	23,182	53,283	76,465
Net Position, Beginning of Year	<u>22,325</u>	<u>30,449</u>	<u>52,774</u>
Net Position, End of Year	<u>\$ 45,507</u>	<u>\$ 83,732</u>	<u>\$ 129,239</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Food Service</u>	<u>Montville Extended Day Learning Center</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from Customers	\$ 937,022	\$ 909,614	\$ 1,846,636
Payments for Employees			
Salaries & Benefits	(393,396)	(716,013)	(1,109,409)
Payments to Suppliers for Goods and Services	<u>(571,391)</u>	<u>(140,888)</u>	<u>(712,279)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(27,765)</u>	<u>52,713</u>	<u>24,948</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Received from (Payments to) Other Funds	<u>27,038</u>	<u>50,000</u>	<u>77,038</u>
Net Cash Provided by Noncapital Financing Activities	<u>27,038</u>	<u>50,000</u>	<u>77,038</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	<u>(19,249)</u>	<u>-</u>	<u>(19,249)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(19,249)</u>	<u>-</u>	<u>(19,249)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>1,862</u>	<u>-</u>	<u>1,862</u>
Net Cash Provided by Investing Activities	<u>1,862</u>	<u>-</u>	<u>1,862</u>
Net Change in Cash and Cash Equivalents	(18,114)	102,713	84,599
Cash and Cash Equivalents, Beginning of Year	<u>33,456</u>	<u>101,150</u>	<u>134,606</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,342</u>	<u>\$ 203,863</u>	<u>\$ 219,205</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (28,007)	\$ 53,283	\$ 25,276
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	9,912		9,912
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable		(931)	(931)
Increase/(Decrease) in Accounts Payable	(8,262)	361	(7,901)
Decrease/(Increase) in Inventory	<u>(1,408)</u>	<u>-</u>	<u>(1,408)</u>
Total Adjustments	<u>242</u>	<u>(570)</u>	<u>(328)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (27,765)</u>	<u>\$ 52,713</u>	<u>\$ 24,948</u>

FIDUCIARY FUNDS

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Agency</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash	\$ 295,704	\$ 1,380,302	\$ 1,676,006
Due from Other Funds	<u>-</u>	<u>21,733</u>	<u>21,733</u>
Total Assets	<u>\$ 295,704</u>	<u>\$ 1,402,035</u>	<u>\$ 1,697,739</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 24,731	\$ 24,731
Summer Savings		1,337,522	1,337,522
Accrued Salaries and Wages		5,944	5,944
Reserve for Flex Spending		29,783	29,783
Reserve for Cobra		4,055	4,055
Due to Other Funds	\$ 6,039		6,039
Due to Student Groups	<u>289,665</u>	<u>-</u>	<u>289,665</u>
Total Liabilities	<u>\$ 295,704</u>	<u>\$ 1,402,035</u>	<u>\$ 1,697,739</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

<u>School</u>	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
ELEMENTARY SCHOOLS				
William Mason	\$ 18,330	\$ 8,454	\$ 8,679	\$ 18,105
Woodmont	4,694	6,825	6,579	4,940
Cedar Hill	7,238	12,933	8,953	11,218
Hilldale	5,870	14,185	12,993	7,062
Valley View	10,558	15,264	12,959	12,863
MIDDLE SCHOOL				
Robert R. Lazar	17,990	133,566	125,110	26,446
HIGH SCHOOL				
Montville High School	205,949	492,535	483,784	214,700
Athletic Account	<u>7,089</u>	<u>101,642</u>	<u>108,361</u>	<u>370</u>
Total	<u>\$ 277,718</u>	<u>\$ 785,404</u>	<u>\$ 767,418</u>	<u>\$ 295,704</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
Payroll Deductions and Withholdings	\$ 673	\$ 23,679,923	\$ 23,655,865	\$ 24,731
Summer Savings	1,259,247	1,337,522	1,259,247	1,337,522
Accrued Salaries and Wages	1,197	26,306,855	26,302,108	5,944
Reserve for Flex Spending	21,978	69,852	62,047	29,783
Reserve for COBRA	3,979	76		4,055
Due to/(from) Other Funds				
General Fund	49,300	249	50,652	(1,103)
Unemployment Trust Fund	<u>87,094</u>	<u>47,763</u>	<u>155,487</u>	<u>(20,630)</u>
	<u>\$ 1,423,468</u>	<u>\$ 51,442,240</u>	<u>\$ 51,485,406</u>	<u>\$ 1,380,302</u>

LONG-TERM DEBT

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
Refunding Bonds	11/16/2004	\$ 10,755,000				\$ 835,000		\$ 835,000	
Refunding Bonds	2/6/2008	7,230,000	8/1/2019	\$ 670,000	5.00%				
			8/1/2020	670,000	4.625%				
			8/1/2021	670,000	4.375%	2,630,000		620,000	2,010,000
Refunding Bonds	2/16/2016	5,200,000	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%	3,995,000		725,000	3,270,000
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
						<u>\$ 25,064,000</u>	<u>\$ -</u>	<u>\$ 2,180,000</u>	<u>\$ 22,884,000</u>

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>School Year</u>	<u>Original Amount</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
<u>Capital Leases</u>						
Acquisition of Computers	2015/16	\$ 938,473	\$ 387,756		191,844	\$ 195,912
Acquisition of Computers	2016/17	1,023,661	679,762		337,339	342,423
Acquisition of Computers	2017/18	388,332	288,332		93,562	194,770
Acquisition of Computers	2018/19	574,597	-	\$ 574,597	147,128	427,469
Sub-Total Capital Leases			<u>1,355,850</u>	<u>574,597</u>	<u>769,873</u>	<u>1,160,574</u>
<u>Lease-Purchase</u>						
Energy Savings Improvement Program - Phase 1	2018/19	2,435,000	-	2,435,000	-	2,435,000
			<u>\$ 1,355,850</u>	<u>\$ 3,009,597</u>	<u>\$ 769,873</u>	<u>\$ 3,595,574</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Final to Actual</u>
REVENUES:					
Local Sources:					
Property Tax Levy	\$ 2,746,530		\$ 2,746,530	\$ 2,746,530	
State Sources					
Debt Service Aid	<u>144,692</u>	<u>-</u>	<u>144,692</u>	<u>144,692</u>	<u>-</u>
Total Revenues	<u>2,891,222</u>	<u>-</u>	<u>2,891,222</u>	<u>2,891,222</u>	<u>-</u>
EXPENDITURES:					
Debt Service:					
Principal	2,180,000		2,180,000	2,180,000	
Interest	<u>780,227</u>	<u>-</u>	<u>780,227</u>	<u>780,226</u>	<u>\$ 1</u>
Total Expenditures	<u>2,960,227</u>	<u>-</u>	<u>2,960,227</u>	<u>2,960,226</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(69,005)</u>	<u>-</u>	<u>(69,005)</u>	<u>(69,004)</u>	<u>(1)</u>
OTHER FINANCING SOURCES					
Transfer from Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,659</u>	<u>248,659</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,659</u>	<u>248,659</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(69,005)</u>	<u>-</u>	<u>(69,005)</u>	<u>179,655</u>	<u>248,658</u>
Fund Balance, Beginning of Year	<u>195,688</u>	<u>-</u>	<u>195,688</u>	<u>195,688</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 126,683</u>	<u>\$ -</u>	<u>\$ 126,683</u>	<u>\$ 375,343</u>	<u>\$ 248,658</u>
Recapitulation of Fund Balance					
				\$ 126,683	
				<u>248,660</u>	
				<u>\$ 375,343</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 20,418,850
Restricted	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	3,551,146
Unrestricted	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)	(12,509,054)
Total Governmental Activities Net Position	\$ 14,500,033	\$ 17,960,776	\$ 21,828,962	\$ 25,279,104	\$ 29,096,622	\$ 19,027,502	\$ 19,375,312	\$ 15,941,325	\$ 10,140,461	\$ 11,460,942
Business-Type Activities										
Investment in Capital Assets	\$ 77,283	\$ 64,444	\$ 51,712	\$ 39,942	\$ 29,110	\$ 81,644	\$ 68,625	\$ 104,257	\$ 78,255	\$ 87,592
Unrestricted	1,196,064	1,046,391	782,208	552,083	257,559	20,508	(73,809)	(36,729)	(25,481)	41,647
Total Business-Type Activities Net Position	\$ 1,273,347	\$ 1,110,835	\$ 833,920	\$ 592,025	\$ 286,669	\$ 102,152	\$ (5,184)	\$ 67,528	\$ 52,774	\$ 129,239
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 20,506,442
Restricted	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	3,551,146
Unrestricted	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)	(12,467,407)
Total District Net Position	\$ 15,773,380	\$ 19,071,611	\$ 22,662,882	\$ 25,871,129	\$ 29,383,291	\$ 19,129,654	\$ 19,370,128	\$ 16,008,853	\$ 10,193,235	\$ 11,590,181

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 40,157,687
Special Education	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	17,833,713
Other Instruction	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	2,139,832
School Sponsored Activities and Athletics	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	2,617,108
Support Services:										
Student & Instruction Related Services	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	16,137,229
School Administrative Services	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	4,075,860
General Administration	1,488,863	1,494,562	1,641,283	1,498,262	1,421,243	1,936,938	2,471,717	1,911,715	3,189,588	3,245,763
Business/Central Services	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	1,981,439
Plant Operations and Maintenance	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	5,683,635
Pupil Transportation	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	4,357,915
Interest on Long-Term Debt	1,007,607	924,295	891,206	780,680	699,486	626,181	606,495	359,849	483,432	742,147
Total Governmental Activities Expenses	68,400,189	67,475,027	69,269,005	73,001,918	72,216,377	85,104,802	90,892,363	101,897,960	105,149,403	98,972,328
Business-Type Activities:										
Enterprise Funds	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	1,822,291
Total Business-Type Activities Expense	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	1,822,291
Total District Expenses	\$ 69,614,313	\$ 68,909,431	\$ 70,792,215	\$ 74,538,971	\$ 73,801,668	\$ 86,742,741	\$ 92,593,276	\$ 103,559,780	\$ 106,895,276	\$ 100,794,619
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 305,031	\$ 564,643	\$ 563,353	\$ 479,295	\$ 480,781	\$ 442,373	\$ 440,231	\$ 415,478	\$ 463,902	\$ 520,232
Operating Grants and Contributions	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	27,436,953
Capital Grants and Contributions	946,483	638,936	117,506	16,562	294,196	4,741	14,494	-	2,297	-
Total Governmental Activities Program Revenues	10,000,868	7,991,163	9,626,497	11,364,221	10,903,183	18,906,550	23,392,344	30,212,028	33,697,034	27,957,185
Business-Type Activities:										
Charges for Services										
Enterprise Funds	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	1,847,567
Operating Grants and Contributions	18,665	17,538	16,855	16,128	14,270	-	1,847,567	-	-	-
Total Business Type Activities Program Revenues	1,342,197	1,268,682	1,242,777	1,293,282	1,279,357	1,453,167	3,440,730	1,686,644	1,717,142	1,847,567
Total District Program Revenues	\$ 11,343,065	\$ 9,259,845	\$ 10,869,274	\$ 12,657,503	\$ 12,182,540	\$ 20,359,717	\$ 26,833,074	\$ 31,898,672	\$ 35,414,176	\$ 29,804,752
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (71,015,143)
Business-Type Activities	128,073	(165,722)	(280,433)	(243,771)	(305,934)	(184,772)	1,739,817	24,824	(28,731)	25,276
Total District-Wide Net Expense	\$ (58,271,248)	\$ (59,649,586)	\$ (59,922,941)	\$ (61,881,468)	\$ (61,619,128)	(66,383,024)	\$ (65,760,202)	\$ (71,661,108)	\$ (71,481,100)	\$ (70,989,867)

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 68,887,049
Taxes Levied for Debt Service	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	2,746,530
Federal and State Aid - Unrestricted	-	-	-	-	-	71,118	78,884	112,061	120,729	10,308
Federal and State Aid - Restricted	267,223	137,224	120,990	122,318	122,780	126,598	130,043	132,442	130,850	106,556
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Donated Capital Assets	-	-	-	990,000	-	-	-	-	-	-
Investment Earnings	138,754	93,257	119,460	106,784	32,074	30,249	39,653	54,846	198,628	431,904
Miscellaneous Income	239,679	458,950	440,193	196,218	213,107	277,327	305,374	167,056	467,241	202,604
Transfers	-	-	-	-	-	-	-	(47,425)	(45,000)	(49,327)
Total Governmental Activities	60,998,037	62,944,607	63,866,480	65,087,839	65,130,712	66,524,052	67,847,829	69,011,521	70,730,244	72,335,624
Business-Type Activities:										
Investment Earnings	3,169	3,210	3,518	1,876	578	255	414	463	988	1,862
Transfers	-	-	-	-	-	-	-	47,425	45,000	49,327
Total Business-Type Activities	3,169	3,210	3,518	1,876	578	255	414	47,888	45,988	51,189
Total District-Wide	\$ 61,001,206	\$ 62,947,817	\$ 63,869,998	\$ 65,089,715	\$ 65,131,290	\$ 66,524,307	\$ 67,848,243	\$ 69,059,409	\$ 70,776,232	\$ 72,386,813
Change in Net Position										
Governmental Activities	\$ 2,598,716	\$ 3,460,743	\$ 4,223,972	\$ 3,450,142	\$ 3,817,518	\$ 325,800	\$ 347,810	\$ (2,674,411)	\$ (722,125)	\$ 1,320,481
Business-Type Activities	131,242	(162,512)	(276,915)	(241,895)	(305,356)	(184,517)	1,740,231	72,712	17,257	76,465
Total District	\$ 2,729,958	\$ 3,298,231	\$ 3,947,057	\$ 3,208,247	\$ 3,512,162	\$ 141,283	\$ 2,088,041	\$ (2,601,699)	\$ (704,868)	\$ 1,396,946

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 3,174,921									
Unreserved	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	\$ 4,551,146
Assigned		1,288,717	976,322	1,340,650	1,004,532	1,317,715	1,539,076	1,277,703	1,811,701	1,525,932
Unassigned	-	946,178	1,061,188	748,240	1,183,177	1,093,011	211,280	(347,247)	(496,551)	(309,083)
Total General Fund	\$ 4,403,208	\$ 4,889,725	\$ 7,826,483	\$ 9,100,541	\$ 9,954,065	\$ 9,417,534	\$ 6,983,612	\$ 5,943,628	\$ 4,925,705	\$ 5,767,995
All Other Governmental Funds										
Reserved	\$ 168,775									
Unreserved	1,435,698									
Restricted	-	\$ 914,534	\$ 698,669	\$ 647,698	\$ 54,692	\$ 49,275	\$ 47,164	\$ 116,169	\$ 15,300,293	\$ 10,554,338
Total All Other Governmental Funds	\$ 1,604,473	\$ 914,534	\$ 698,669	\$ 647,698	\$ 54,692	\$ 49,275	\$ 47,164	\$ 116,169	\$ 15,300,293	\$ 10,554,338

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,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 71,633,579
Tuition Charges	50,223	35,038	63,586	145,010	167,730	140,049	147,706	131,082	175,812	244,142
Interest Earnings	138,754	93,257	119,460	106,784	32,074	30,249	39,653	54,846	198,628	431,904
Miscellaneous	517,478	1,037,608	957,785	558,599	588,541	619,216	636,963	492,233	802,285	503,866
State Sources	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	17,904,357
Federal Sources	1,386,800	1,527,866	1,657,196	1,143,087	962,265	966,437	1,032,314	926,723	853,725	1,028,649
Total Revenues	70,998,905	70,935,770	73,492,977	75,462,060	76,033,895	78,179,932	81,422,423	83,811,818	87,808,145	91,746,497
Expenditures										
Instruction										
Regular Instruction	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	34,023,546
Special Education Instruction	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	16,125,302
Other Instruction	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	1,882,113
School Sponsored Activities and Athletics	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	2,347,283
Support Services:										
Tuition										
Student & Inst. Related Services	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	14,313,565
General Administration	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	3,075,689
School Administrative Services	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	3,591,464
Business/Central Services	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	1,738,651
Plant Operations and Maintenance	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	5,424,902
Pupil Transportation	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	4,345,410
Capital Outlay	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	7,983,355
Debt Service:										
Principal	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	2,949,873
Interest and Other Charges	1,028,483	954,351	886,580	820,828	739,237	663,918	672,800	449,816	379,263	809,279
Total Expenditures	72,027,249	71,139,192	70,933,235	74,688,717	76,114,838	79,088,851	83,846,106	85,758,733	91,590,244	98,610,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,028,344)	(203,422)	2,559,742	773,343	(80,943)	(908,919)	(2,423,683)	(1,946,915)	(3,782,099)	(6,863,935)
Other Financing Sources (Uses)										
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	96,448		161,051	449,744	341,461	366,971		1,023,361	388,332	3,009,597
Cancelled Grants Receivable							(107,205)			
Transfers In	973,205	1,279,915	850,433	860,143	1,700,855		421,766		133,928	248,659
Transfers Out	(973,205)	(1,279,915)	(850,433)	(860,143)	(1,700,855)		(421,766)		(178,928)	(297,986)
Total Other Financing Sources (Uses)	96,448	-	161,051	449,744	341,461	366,971	(12,350)	975,936	17,948,300	2,960,270
Net Change in Fund Balances	\$ (931,896)	\$ (203,422)	\$ 2,720,793	\$ 1,223,087	\$ 260,518	\$ (541,948)	\$ (2,436,033)	\$ (970,979)	\$ 14,166,201	\$ (3,903,665)
Debt Service as a Percentage of Noncapital Expenditures	4.15%	4.06%	3.87%	3.72%	3.77%	3.70%	3.70%	3.48%	3.55%	4.15%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest Earned	Tuition	Transportation	Insurance/ Other Refunds	Facility Rental	Student Activity Fees	E-Rate	Miscellaneous	Total
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
2019	182,053	244,142	276,090	92,220	11,439	37,296	23,467	38,182	904,889

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
2010	\$ 45,954,800	\$ 2,349,791,700	\$ 6,809,300	\$ 174,500	\$ 157,443,300	\$ 226,360,400	\$ 45,146,400	\$ 2,831,680,400	\$ 3,614,059	\$ 2,835,294,459	\$ 5,455,277,462	\$ 2.163
2011	43,282,600	2,350,094,700	6,117,500		158,075,000	225,728,500	45,046,400	2,828,344,700	2,969,737	2,831,314,437	5,171,193,594	2.216
2012 ^b	75,191,000	3,716,335,500	10,063,100	175,500	260,454,200	378,834,700	77,158,000	4,518,212,000	4,878,055	4,523,090,055	5,028,168,356	1.403
2013	64,615,400	3,711,437,300	9,338,600	174,200	259,359,200	376,923,100	77,158,000	4,499,005,800	4,878,055	4,503,883,855	4,843,403,476	1.426
2014	59,887,700	3,724,787,100	9,074,900	186,200	258,164,500	374,440,000	77,158,000	4,503,698,400	3,036,582	4,506,734,982	4,770,546,186	1.451
2015	59,263,100	3,729,974,300	9,510,800	186,200	252,267,500	373,495,200	77,158,000	4,501,855,100	3,037,248	4,504,892,348	4,856,894,055	1.480
2016	56,943,100	3,737,842,800	10,396,500	186,200	253,655,400	371,941,400	77,158,000	4,508,123,400	3,005,634	4,511,129,034	4,834,448,686	1.507
2017	56,975,700	3,744,584,200	8,777,700	186,200	255,186,600	369,089,500	77,158,000	4,511,957,900	2,866,800	4,514,824,700	5,043,362,487	1.534
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
2019	56,340,900	3,747,796,300	10,138,400	172,700	258,449,100	347,099,800	77,158,000	4,497,155,200	2,946,105	4,500,101,305	4,971,953,379	1.597

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

Calendar Year	School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Fire Districts	Municipality	County	
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
2019	1.597	0.041	0.501	0.290	2.429

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	2019		2010	
	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%		
Chapin Road Property LLC	44,000,000	0.98%		
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%		
O'Dowd's, Inc.	15,222,000	0.34%		
Milwe, Jane	14,290,000	0.32%		
RCS Montville LLC	13,902,000	0.31%		
10 Bloomfield A & B Pine Brook NJ	12,524,700	0.28%		
Weltower NNN Group LLC	<u>12,224,500</u>	<u>0.27%</u>		
	<u>\$ 239,817,700</u>	<u>5.33%</u>		
Pernwil Assoc.			\$ 43,726,900	1.54%
Stanley Karczynski			32,000,000	1.13%
Bayer Healthcare			20,152,000	0.71%
Newark Morning Ledger			17,000,000	0.60%
O'Dowd's, Inc.			12,088,000	0.43%
Milwe, Jane			11,272,100	0.40%
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>169,155,700</u>	<u>5.97%</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	
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
2019	71,633,579	71,633,579	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			
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
2019	22,884,000		22,884,000	21,330	1,073

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			
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
2019	22,884,000		22,884,000	0.51%	1,073

Source: District records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2018
 (Unaudited)**

Direct Debt: (1)	
Montville Township Public Schools (as of June 30, 2019)	\$ 22,885,887
Township of Montville, Net Debt	<u>19,308,521</u>
	<u>42,194,408</u>
Overlapping Debt Apportioned to the Municipality:	
County of Morris (A)	19,360,627
Fire Districts	(B) <u>-</u>
	<u>19,360,627</u>
Total Direct and Overlapping Debt	<u>\$ 61,555,035</u>

Source:

(1) Township's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to Montville Township Public Schools by dividing the municipality's 2018 equalized value by the total 2018 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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 200,708,396
Total net debt applicable to limit	22,665,000	21,060,000	19,395,000	15,840,000	15,840,000	13,940,000	11,610,000	9,570,000	25,065,887	22,885,887
Legal debt margin	<u>\$ 196,143,192</u>	<u>\$ 194,680,203</u>	<u>\$ 189,081,565</u>	<u>\$ 184,708,364</u>	<u>\$ 179,359,478</u>	<u>\$ 179,002,336</u>	<u>\$ 181,042,986</u>	<u>\$ 186,617,592</u>	<u>\$ 173,719,486</u>	<u>\$ 177,822,509</u>
Total net debt applicable to the limit as a percentage of debt limit	10.36%	9.76%	9.30%	7.90%	8.11%	7.22%	6.03%	4.88%	12.61%	11.40%

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized valuation basis	
2018	\$ 4,971,953,379
2017	5,053,716,286
2016	5,027,460,020
	<u>\$ 15,053,129,685</u>
Average equalized valuation of taxable property	<u>\$ 5,017,709,895</u>
Debt Limit (4% of average equalization value)	200,708,396
Total Net Debt Applicable to Limit	<u>22,885,887</u>
Legal debt margin	<u>\$ 177,822,509</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>
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	3.20%
2019	21,330	94,259	not available

Source: New Jersey State Department of Education

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

Employer	2019		2010	
	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>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>	<u>2019</u>
Instruction										
Regular	342	272	273	276	277	277	275	297	288	277
Special Education	69	121	92	88	91	97	99	84	168	147
Other Instruction	31	3	3	3	3	3	3	3	18	18
School Sponsored Activities/Athletics	3	2	2	2	2	2	2	2	3	3
Support Services:										
Student & Instruction Related Services	84	86	147	174	185	192	208	202	133	130
General Administration	5	6	6	15	16	17	17	26	26	27
School Administrative Services	27	22	25	26	25	25	25	36	14	14
Central Services	14	15	15	6	7	7	7	9	8	8
Plant Operations and Maintenance	66	32	34	36	36	38	35	13	18	22
Plant Operations and Maintenance	1	1	1	1	1	1	1	1	1	1
Total	<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>	<u>647</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

<u>Fiscal Year</u>	<u>Enrollment ^a</u>	<u>Operating Expenditures ^b</u>	<u>Cost Per Pupil ^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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%
2019	3,619	86,867,925	24,003	4.06%	360	1:10	1:10	1:11	3,583	3,447	-0.47%	96.20%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Elementary</u>										
<u>Cedar Hill Elementary</u>										
Square Feet	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262	46,262
Capacity (students)	437	437	437	437	437	437	437	437	437	437
Enrollment	384	394	381	329	346	340	332	296	381	331
<u>Hilldale Elementary</u>										
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 ^a	392	390	371	370	357	365	360	339	375	312
<u>William Mason Elementary</u>										
Square Feet	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031	37,031
Capacity (students)	351	351	351	351	351	351	351	351	351	351
Enrollment	340	315	308	282	271	267	271	264	365	245
<u>Valley View Elementary</u>										
Square Feet	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725	54,725
Capacity (students)	490	490	490	490	490	490	490	490	490	490
Enrollment ^a	424	399	410	427	419	416	409	428	375	388
<u>Woodmont Elementary</u>										
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	360	367	342	329	320	298	266	278	353	279
<u>Robert R. Lazar Middle School</u>										
Square Feet	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682	106,682
Capacity (students)	897	897	897	897	897	897	897	897	897	897
Enrollment	1,033	685	964	966	978	967	928	910	1,034	900
<u>Montville High School</u>										
Square Feet	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515	222,515	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	1,340	1,368	1,364	1,336	1,289	1,233	1,207	1,219	1,265	1,164

Number of Schools at June 30, 2019

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>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>	<u>2019</u>
School Facilities										
Cedar Hill School	\$ 76,923	\$ 76,663	\$ 76,303	\$ 87,764	\$ 81,186	\$ 81,670	\$ 74,845	\$ 79,388	\$ 85,284	\$ 82,032
Hilldale School	61,614	61,405	61,117	70,298	65,029	65,416	59,949	63,962	68,311	65,706
William Mason School	61,574	61,366	61,078	70,252	64,986	65,374	59,910	58,950	68,267	65,664
Valley View School	90,994	102,873	90,262	103,820	96,038	96,610	88,537	88,743	100,886	97,039
Woodmont School	71,602	71,361	71,026	81,693	75,570	76,021	69,668	76,702	79,385	76,358
Robert R. Lazar Middle School	177,387	176,789	175,959	202,388	187,217	188,334	172,596	179,042	196,669	189,170
High School	<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>	<u>388,458</u>
Total School Facilities	<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>	<u>964,427</u>
Other Facilities	<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>	<u>6,108</u>
Grand Total	<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>	<u>\$ 970,535</u>

Source: District Records

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2019
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	\$ 127,312,963	\$ 5,000
Comprehensive General Liability(Each Occurrence)	1,000,000	
Comprehensive Crime Coverage - Forgery or Alteration	50,000	1,000
Boiler and Machinery	100,000,000	1,000
School Board Legal Liability		
Limit of Liability	1,000,000	7,500
Employment Practices Liability	1,000,000	15,000
Public Officials Bonds		
School Business Administrator/Board Secretary	400,000	
Commercial Automobile - Liability		
	1,000,000	
Excess Liability		
General Liability - Per Occurrence	50,000,000	
General Liability - Aggregate	50,000,000	
Excess Policy		
General Liability - Per Occurrence	9,000,000	
General Liability - Aggregate	9,000,000	
Environmental Impairment Liability		
Environmental Liability - Per Occurrence	1,000,000	25,000
Environmental Liability - Aggregate	10,000,000	
Fungi or Legionaelia		50,000
Travel Accident Insurance		
Limit of Liability	100,000	
Cyber Liability		
Limit of Liability	4,000,000	25,000

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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, 2019 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 November 11, 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.

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
November 11, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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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, 2019. 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, 2019.

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 Montville Township Public Schools as of and for the fiscal year ended June 30, 2019. We issued our report thereon dated November 11, 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
November 11, 2019

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Adjustments	Refund of Prior Year Balances	Balance, June 30, 2019			MEMO GAAP Receivable	
													(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Health and Human Services																	
Passed-through State Department of Education																	
General Fund																	
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	Not Available	7/1/18-6/30/19	5,354	-	-	\$ 5,354	\$ 5,354	-	-	-	-	-	-	-	-
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue Fund:																	
I.D.E.A. Part B, Basic	84.027	H027A170100	FT-3340-19	7/1/18-6/30/19	\$ 740,780		\$ 151,285	705,905	813,336	\$ (151,285)			\$ (186,160)	\$ 78,729		\$ 107,431	
I.D.E.A. Part B, Basic	84.027	H027A170100	FT-3340-18	7/1/17-6/30/18	746,077	\$ (121,076)	\$ (151,285)	121,076		\$ 151,285							
I.D.E.A. Preschool	84.173	H173A170114	FT-3340-19	7/1/18-6/30/19	28,412		12,995	18,261	18,412	(12,995)			(23,146)	22,995		151	
I.D.E.A. Preschool	84.173	H173A170114	FT-3340-18	7/1/17-6/30/18	27,815	(151)	(12,995)	151	-	12,995						-	
Total Special Education Cluster						(121,227)	-	845,393	831,748	-	-	-	(209,306)	101,724	-	107,582	
ESEA - Title I	84.010	S010A170030	NCLB334019	7/1/18-6/30/19	103,082		2,441	65,046	103,835	(2,441)			(40,477)	1,688		38,789	
ESEA - Title I	84.010	S010A170030	NCLB334018	7/1/17-6/30/18	102,453	(36,181)	(2,441)	36,181		2,441							
ESEA - Title IIA	84.367	S367A170029	NCLB334019	7/1/18-6/30/19	51,355		27,736	56,768	65,293	(27,736)			(22,323)	13,798		8,525	
ESEA - Title IIA	84.367	S367A170029	NCLB334018	7/1/17-6/30/18	53,007	(9,774)	(27,736)	9,774		27,736							
ESEA - Title III	84.365	S365A170030	NCLB334019	7/1/18-6/30/19	12,613		5,420	11,500	12,012	(5,420)			(6,533)	6,021		512	
ESEA - Title III	84.365	S365A170030	NCLB334018	7/1/17-6/30/18	13,535	(1,686)	(5,420)	1,686		5,420							
ESEA - Title IV	84.424	S424A170031	NCLB334019	7/1/18-6/30/19	10,000		2,900	9,883	10,407	(2,900)			(3,017)	2,493		524	
ESEA - Title IV	84.424	S424A170031	NCLB334018	7/1/17-6/30/18	10,000	(2,100)	(2,900)	2,100		2,900							
Temporary Emergency Impact Aid	84.938C	S938C18005	Not Available	7/1/17-6/30/18	6,750	(6,750)	-	6,750	-	-			-	-		-	
Total Special Revenue Fund						(177,718)	-	1,045,081	1,023,295	-	-	-	(281,656)	125,724	-	155,932	
Total Federal Financial Awards						\$ (177,718)	\$ -	\$ 1,050,435	\$ 1,028,649	\$ -	\$ -	\$ -	\$ (281,656)	\$ 125,724	\$ -	\$ 155,932	

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2019			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 1,637,107				\$ 1,483,706	\$ 1,637,107			\$ (153,401)			\$	1,637,107
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,637,107	(146,025)			146,025								
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	70,614				63,998	70,614			(6,616)				70,614
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	70,614	(6,299)			6,299								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	39,280	(3,504)			3,504								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	39,280	(3,504)			3,504								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	37,010	(3,300)			3,300								
Total State Aid Public Cluster				(162,632)			1,710,336	1,707,721			(160,017)				1,707,721
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	1,018,949				923,471	1,018,949			(95,478)				1,018,949
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	259,947	(23,187)			23,187								
Nonpublic Transportation Reimbursement	not available	7/1/18-6/30/19	59,209					59,209			(59,209)		\$	(59,209)	59,209
Nonpublic Transportation Reimbursement	not available	7/1/17-6/30/18	58,725	(58,725)			58,725								
Transportation Aid Cluster				(81,912)			1,005,383	1,078,158			(154,687)			(59,209)	1,078,158
Extraordinary Aid	19-100-034-5120-473	7/1/18-6/30/19	1,625,948					1,625,948			(1,625,948)				1,625,948
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	2,688,937	(2,688,937)			2,688,937								
On Behalf TPAF															
Pension Contribution	19-495-034-5094-002	7/1/18-6/30/19	6,570,305				6,570,305	6,570,305							6,570,305
Pension Contribution - NCGI	19-495-034-5094-004	7/1/18-6/30/19	137,534				137,534	137,534							137,534
Post Retirement Medical Contr.	19-495-034-5094-001	7/1/18-6/30/19	3,042,665				3,042,665	3,042,665							3,042,665
Long Term Disability Insurance Contribution	19-495-034-5094-004	7/1/18-6/30/19	6,906				6,906	6,906							6,906
Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	2,529,227				2,404,810	2,529,227			(124,417)			(124,417)	2,529,227
Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,534,512	(124,550)			124,550								
Total General Fund				(3,058,031)			17,691,426	16,698,464			(2,065,069)			(183,626)	16,698,464
Special Revenue Fund:															
New Jersey Nonpublic Aid															
Auxiliary Services															
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	5,138		\$ 886					886					
ESL	19-100-034-5120-067	7/1/18-6/30/19	863				863							863	
Total Chapter 192 Cluster					886		863			886				863	
Handicapped Services															
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	6,730				6,730	6,366						364	6,366
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	14,741		5,258					5,258					
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	6,250				6,250	2,768						3,482	2,768
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	20,534		7,437					7,437					
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	793				793	714						79	714
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	10,308		4,652					4,652					
Total Chapter 193 Cluster					17,347		13,773	9,848		17,347				3,925	9,848
New Jersey Nonpublic Aid															
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	9,451				9,451	8,307						1,144	8,307
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	16,708		1,105					1,105					
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	17,169				17,169	17,169							17,169
Technology	19-100-034-5120-373	7/1/18-6/30/19	6,372				6,372	6,372							6,372
Technology	18-100-034-5120-373	7/1/17-6/30/18	11,285		507					507					
Security	19-100-034-5120-509	7/1/18-6/30/19	26,550				26,550	26,192						358	26,192
Security	18-100-034-5120-509	7/1/17-6/30/18	23,025		532					532					
Total Special Revenue Fund					20,377		74,178	67,888		20,377				6,290	67,888

MONTVILLE TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	June 30, 2019			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund															
Debt Service Aid	19-100-034-5120-075	7/1/18-6/30/19	\$ 144,692	-	-	-	\$ 144,692	\$ 144,692	-	-	-	-	-	-	\$ 144,692
Total Debt Service Fund				-	-	-	144,692	144,692	-	-	-	-	-	-	144,692
Total State Financial Assistance				\$ (3,058,031)	\$ 20,377	-	17,910,296	16,911,044	-	\$ 20,377	\$ (2,065,069)	-	\$ 6,290	\$ (183,626)	\$ 16,911,044
State Financial Assistance Programs Not Subject to Calculation for Single Audit and Major Program Determination				-	-	-	(9,757,410)	(9,757,410)	-	-	-	-	-	-	(9,757,410)
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination				\$ (3,058,031)	\$ 20,377	\$ -	\$ 8,152,886	\$ 7,153,634	\$ -	\$ 20,377	\$ (2,065,069)	\$ -	\$ 6,290	\$ (183,626)	\$ 7,153,634

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$993,313 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	\$ 5,354	\$ 17,691,777	\$ 17,697,131
Special Revenue Fund	1,023,295	67,888	1,091,183
Debt Service Fund	-	144,692	144,692
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 1,028,649</u>	<u>\$ 17,904,357</u>	<u>\$ 18,933,006</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$2,529,227 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$6,707,839, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,042,665, and TPAF Long-Term Disability Insurance in the amount of \$6,906 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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, 2019**

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? X yes no

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

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.